

Deep Roots, Bold Horizons

Arabian Drilling | 2025 Annual Report



Arabian
Drilling



Business Overview

Arabian Drilling's deep roots were forged in the harsh realities of desert and sea, where resilience, discipline, and Saudi pride laid the foundation for a legacy of high standards and enduring strength.



Who We Are

Saudi Arabia's National Drilling Champion

Arabian Drilling is an award-winning onshore and offshore gas and oil rig drilling company in Saudi Arabia with an extensive track record of operational excellence and a history of innovation that has brought tremendous safety and efficiency gains to the drilling process.

Since pioneering the Kingdom's first offshore drilling operations in 1964, it now operates the country's largest fleet of 60 rigs. It serves major clients including Saudi Aramco, Khafji Joint Operations (KJO), SLB, Halliburton, and Baker Hughes by leveraging technical depth and expertise to help clients to manage some of the toughest drilling conditions efficiently.

Arabian Drilling is aligned with Saudi Vision 2030 and United Nations Sustainable Development Goals, actively integrating sustainable practices and diversifying into drilling services for non-hydrocarbon activities like geothermal energy, and CO² injection. Through the development of world-class Saudi talent and a focus on long-term value creation, the Company continues to serve as a growth engine for the Kingdom's energy sector.



Business at a Glance

60+ Years

At the forefront of Saudi Arabia’s drilling sector

1st

In Saudi Arabia to drill offshore back in 1964

60 Rigs

49 Land rigs - 11 Offshore
The biggest fleet in Saudi Arabia*

400 Feet

With our Premium rigs we are reaching maximum water depth for Jack Up rigs.

+13 Land Rigs

Built, shipped, deployed at record time of 6 months. Fully operational in 2025.

**69%
Saudisation Rate**

A leader in the energy sector

* As of 31 December 2025

A Proud History

Since 1964, Arabian Drilling has been a cornerstone of the Kingdom’s energy industry, shaping a legacy defined by innovation and growth. Over the years, the Company has evolved from a pioneering joint venture to a key regional player – building strong partnerships, expanding its capabilities, and driving operational excellence. This journey reflects a steadfast commitment to progress, sustainability, and delivering lasting value to stakeholders.

1964	Arabian Drilling is established with KJO as its first client, with one offshore rig. The company is 51% owned by General Petroleum and Mineral Organisation and 49% owned by the Schlumberger Group.
1967	Three land rigs are added to the fleet.
1972	Saudi Aramco becomes a major client.
1986	Two land rigs are added, bringing the fleet total to six.
1994	Two offshore rigs are added, bringing the fleet total to eight.
2000	Another land rig is added, bringing the fleet up to nine.
2003	The Industrialisation and Energy Services Company (TAQA), becomes the new majority shareholder with 51%. Schlumberger Group retains its 49%.
2005	Eight land and two offshore rigs are added, bringing the total fleet to 19 (14 land, five offshore).
2013	Arabian Drilling is awarded the LSTK gas contract with SLB.
2015	The fleet has grown to 32 rigs (24 land, eight offshore).
2016	Arabian Drilling acquires OFSAT Arabia, a rig moving and logistics company.
2017	Arabian Drilling wins first place in the King Khalid Award for Responsible Competitiveness. It is awarded by the Custodian of the Two Holy Mosques.
2018	This year marks the biggest expansion in Arabian Drilling history, with the fleet increasing to 43 rigs (28 land, five offshore). The Company achieves an agility record, deploying 16 rigs within six months.
2019	Two offshore rigs are added to the fleet, bringing the total to 45 (38 land, seven offshore).
2022	Arabian Drilling completes its first capital market transaction through a Shariah-compliant Sukuk bond offering. It becomes a publicly listed company through an IPO on the Saudi Main Exchange Market (Tadawul).
2023	Arabian Drilling wins the Best IPO – Main Market Award from the Saudi Exchange. It secures contract awards for unconventional gas development. It launches the Arabian Drilling Behaviour Empowerment Centre (BEC), which represents the next frontier in safety, leadership, and organisational culture. The Company sets a new standard in training by opening the Arabian Drilling Academy Training Centre, a new state-of-the-art facility.
2024	Arabian Drilling launches the Infinity Innovation Lab, a cutting-edge centre for real-time performance monitoring that enhances safety and performance. The Company sets a record in the unconventional segment, deploying 13 rigs within six months.
2025	Arabian Drilling becomes the largest drilling contractor in Saudi Arabia by fleet size, with 60 rigs and a new self-elevating service vessel. It finishes the year with a record backlog of ﷼ 12.4 billion. It wins its first international offshore contract, expanding operations outside of Saudi Arabia.



2025 Highlights

60	ﷲ 12.4 billion	1 st	4 rigs
Total fleet, making Arabian Drilling the largest drilling contractor in Saudi Arabia by fleet size	Backlog – a record in Arabian Drilling history	International contract, heralding the Company’s expansion outside of Saudi Arabia	Recalled in Q4 202, 3 resumed operations in Q1 2026*

Operational Highlights*

1 Vessel	60 onshore rig moves	90.91%	1.92%
Self-elevating service vessel acquired in April 20256 for a total value of ﷲ 260 million	In Q1 2025	Average Rig Efficiency Index (REI) in the High Performance range (> 89%) Based on 36-month rolling average Includes rigs that have been operational for 18+ months	Non-productive time (NPT) Maintaining NPT below 2%

Financial Highlights (Year-on-Year)

ﷲ 3,433 million	ﷲ 1,240 million	36.1%
Revenue (-5.1%)	EBITDA (-17.8%)	EBITDA margin (-5.5 pts)
ﷲ 39.1** million	ﷲ 1,186*** million	2.0x
Adjusted net income (-90.8%)	Operating cash flow (-17.7%)	Net debt/TTM EBITDA

* One land rig recall was withdrawn by the client.
**Net income adjusted for a non-cash asset impairment charge.
***Before working capital changes.



Sustainability Highlights

0.46	1.5%	2,425 MtCO2e
Total Recordable Incident Frequency (TRIF), a 36% reduction from 2024 Based on 1 million manhours Sustained improvement trend 35% lower than industry standard (0.46 vs 0.7 IADC ME)	Reduction in Scope 1 greenhouse gas emissions From 2024 baseline	Emissions avoided in 2025
124.74 kilolitres	67.72 hours	﷼ 537,000
Of diesel saved in 2025	Average training per employee	Donated to organisations that support children and families in need

Recent Awards

Best in Saudisation Award (Services)
IKTVA Excellence Award from Saudi Aramco

Silver Award
Corporate Social Responsibility Award from the Ministry of Human Resources and Social Development of Saudi Arabia

iktva 2025 Excellence

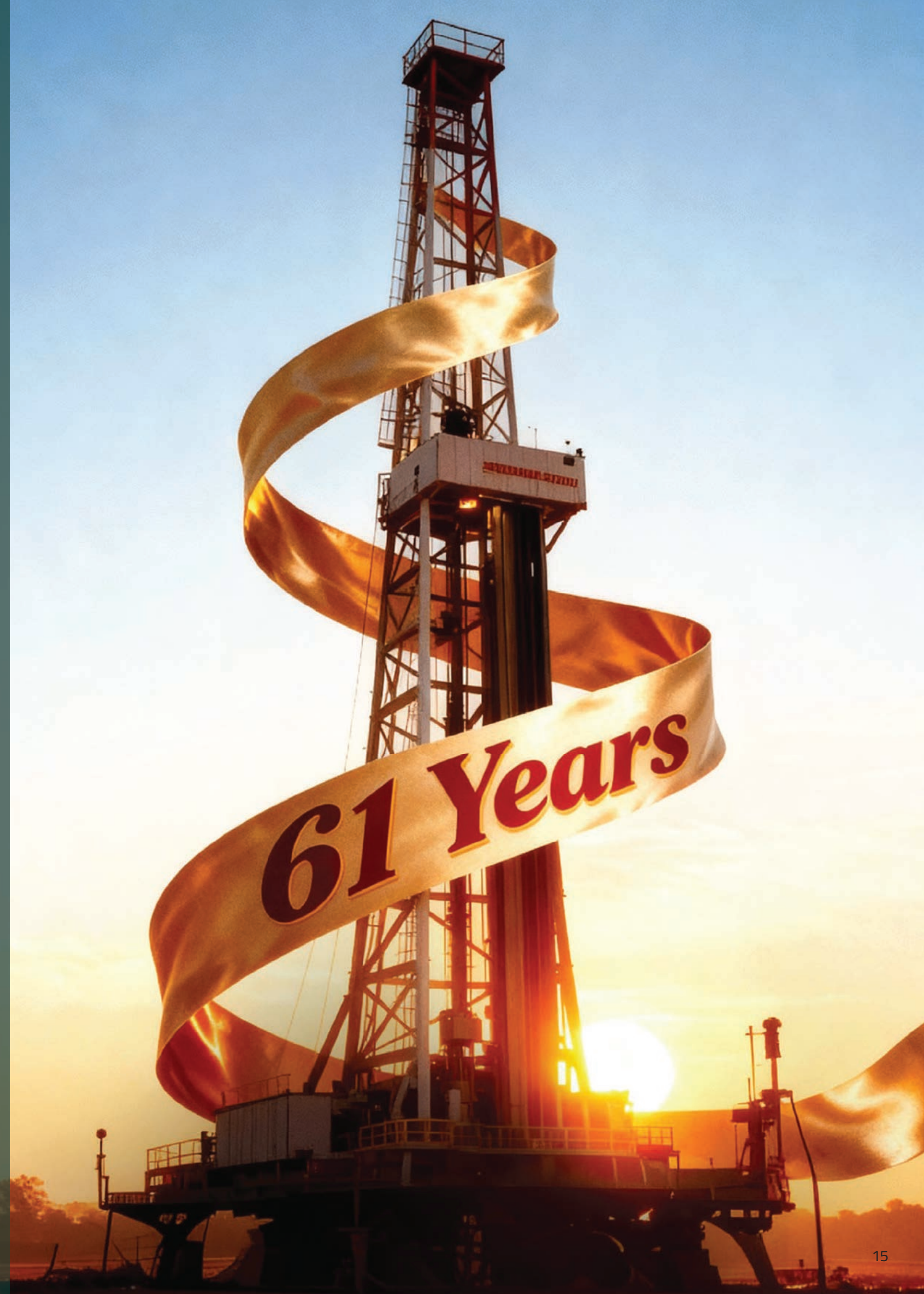
Best in Saudization

Arabian Drilling Company



Strategy Review

Arabian Drilling is committed to going deeper — technically, operationally, and culturally. This means pushing boundaries, improving performance, and pursuing excellence with purpose. Yet the Company's greatest strength is not its rigs or technology, but its people. By placing them at the center of every decision and every operation, Arabian Drilling builds performance that endures, creates value that compounds over time, and drives progress that supports the Kingdom's long-term energy ambitions.



A Well of Strength

Resilience through Diversification

Thanks to diversified capabilities, Arabian Drilling demonstrated remarkable resilience in the face of suspension headwinds.

The rapid pivot to unconventional gas rigs didn't just expand capabilities, it drove a 13.8% revenue increase in the land segment – making a substantial contribution to offsetting losses from suspended offshore rigs. Whereas the segments have historically been balanced in 2025 this recalibrated to 29% offshore, 71% land. The acquisition of a new self-elevating service vessel this year is also driving expansion into high-margin revenue streams, and contract extensions have validated capabilities in emerging areas such as lithium, geothermal, and CO2 injection. This strategic flexibility helped Arabian Drilling maintain relative top-line stability during a volatile period for the market. While also conserving cash generation to support the sustaining of ongoing operations and enabling expansion.

In 2025, the Company also extended its cutting-edge training through its flagship Arabian Drilling Academy Training Centre to provide greater depth and breadth of skills. In addition, it established a new division managing suspended rigs to optimise the time and costs associated with reactivation. This helped quickly and cost-effectively to resume operations in Q1 2026 following reactivation notices.





Chairman Message

Arabian Drilling's 2025 performance demonstrates its resilience, operational strengths, and robust client relationships.

“
Arabian Drilling continues to focus on financial stability, performance, and safety, ensuring long-term value for clients and shareholders.
”

Dr. Muhammad Aldawood, Chairman of the Board

Financial Performance and Long-Term Shareholder Value

Despite headwinds, Arabian Drilling achieved ﷲ 3,433 million in revenue in 2025, supported by the timely deployment of 13 unconventional gas rigs that helped offset revenue losses from suspended offshore and conventional land rigs during 2024–2025.

We appreciate the importance of a dividend policy that balances dividends for shareholders with the Company's capital requirements. Given changes in rig demand, ongoing fleet investments, and regional expansion plans, on 28 July 2025, the Board of Directors recommended pausing cash dividend payments to shareholders for 2025.

After the financial year ended, the Board recommended on 01 March 2026 not to pay cash dividends for the second half of 2025.

commitment to Clients

Arabian Drilling's commitment to clients remains central. The record ﷲ 12.4 billion backlog is a clear testament to the confidence our customers place in us, with all 24 expiring rig contracts extended, reinforcing long-term continuity across our portfolio. 2025 also marked the Company's first international contract and expansion outside of Saudi Arabia.

These milestones enable the Company to continue developing Saudi talent and promoting the nation's ambitions and contributes to a thriving economy. They also reflect its strong position for delivering long-term value.

Robust Governance and Risk Management

I would like to thank the outgoing Board of Directors for their support and expertise over their four-year term. As of November 2025, we welcomed new board members, who will serve until November 2029. Similarly, I would like to thank the outgoing executive management and welcome our new Chief Executive

Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, and Head of Health and Safety.

Risk management continues to evolve and improve. In 2025, the Company implemented a comprehensive revision of risk assessment criteria and explored ways to automate risk reporting and implement real-time dashboards.

Safety and Sustainability

This was the first full year of a new Board-level committee focused on health, safety, and sustainability. By overseeing the increasing number of initiatives aimed at reducing emissions and improving performance across all environmental, social, and governance areas, the Committee provides strategic guidance and accountability.

2025 achievements reflect the Company's commitment to ESG governance and alignment with UN Sustainable Development Goals and Saudi Vision 2030. These included a reduction in Total Recordable Incident Frequency (TRIF) to 0.46, a 36% reduction since 2024.

Arabian Drilling also reduced Scope 1 emissions by 1.5% against its 2024 baseline and continued a range of initiatives contributing to local communities.

The Company will again publish its standalone Sustainability Report detailing progress in its strategic pillars of Human Capital and Community Impact, Environmental and Climate Stewardship, and Corporate Governance and Operational Excellence.

Final Thanks

On behalf of the Board of Directors, I would like to extend sincere thanks and appreciation to the Custodian of the Two Holy Mosques, the Crown Prince, and the Saudi Government. I would like to end by thanking you, our shareholders, for your ongoing trust and support.



Chief Executive Officer Message

As the new Chief Executive Officer of Arabian Drilling, I feel a sense of pride and responsibility. My role is about honouring this national champion’s rich legacy while building the next chapter – and my focus is on stewarding it through recovery and into its next growth phase.

“
2025 was marked by landmark achievements: the largest-ever fleet, the biggest-ever backlog, the fastest-ever deployment, and the first international contract.
”

Fahad Albani, Chief Executive Officer

A Year Characterised by Ambition and Resilience

Despite the year’s initial challenges from 2024 rig suspensions, 2025 validated the Company’s model focused on strong relationships, disciplined execution, and clear visibility through backlog. It was a year of landmark achievements: the biggest-ever fleet at 60 rigs making it the largest in Saudi Arabia, a record backlog of ﷲ 12.4 billion, the fastest-ever deployment by getting 13 unconventional rigs operational, and the first international contract.

Thus, despite market headwinds, the year ended with positive momentum. Revenue was ﷲ 3,433 million, with ﷲ 30 million of annualised savings achieved through cost optimisation initiatives. We have maintained a strong balance sheet, supported by ﷲ 595.3 million in cash and a healthy leverage ratio of approximately 2.0x. This provides the strategic flexibility to pursue growth while maintaining a sustainable financial foundation.

The Diversification Advantage

2025 showcased the benefits of being a hybrid drilling contractor. With rig suspensions principally affecting the higher-margin offshore segment, the Company moved quickly to expand land capabilities by acquiring, upgrading, and enabling 13 unconventional gas rigs. In 2025, all these rigs were operational, making Arabian Drilling a key player in unconventional space and setting a record for deployment speed.

Deep-rooted Relationships

The Company’s record backlog reflects its strong client relationships. 100% of rigs up for renewal in 2025 had contracts extended, and resumption notices were received for two offshore rigs and three land rigs starting in Q1 2026. However, one land rig recall was later withdrawn.

Looking Outward

In the most significant milestone since its 2022 IPO, Arabian Drilling signed its first international contract in 2025. This represents a continuation of the Company’s pioneering spirit, adapted to meet current challenges and capture global opportunities where we can differentiate on safety, reliability, and offshore capability. This is a disciplined step and a platform for growth with discipline – reflecting our strategy to expand by delivering flawlessly and scaling.

I am proud to lead an organisation taking the initiative in exporting Saudi talent to the world. Our commitment to developing local talent is unwavering. We invest not only by creating international opportunities, but by delivering market-leading training through the enhanced Arabian Drilling Academy Training Centre, our newly launched Skillsoft e-learning platform, and ongoing collaborations with the Saudi Arabian Drilling Academy and Saudi Petroleum Services Polytechnic. These efforts reflect the Kingdom’s growing role as a global source of knowledge and innovation, and we are

honoured to contribute to elevating its position as a nation that cultivates exceptional, world-class talent.

Driving Innovation, Enhancing Safety

For a national champion, leadership means raising standards every day – starting with safety. Therefore, a key element of Arabian Drilling’s transformation is its ongoing focus on digitalisation to measure what matters, empower crews to deliver, and protect staff.

The Infinity Innovation Lab had its first full year of operation in 2025. It is successfully delivering improvements by streaming real-time data to the central operations centre, enabling predictive maintenance, and providing deep visibility into rig and team dynamics. Powered by AI and advanced analytics, it is enhancing collaboration and anticipating challenges – improving safety and efficiency across operations.

The Arabian Drilling Behaviour Empowerment Centre had major advances in how it improves safety. It processes over 1,000 live CCTV streams from rigs, using AI to identify patterns and strengthen situational awareness in real-time. In 2025, AI tools for predictive behaviour and positive reinforcement were added, as well as high-impact video alerts that provide guidance on best practices and hazards.

These innovations are all contributing to our aim of keeping everyone safe on every shift while optimising performance for clients. Given that we work in harsh conditions and with hazardous equipment, it is impressive that the Company reduced Total Recordable Incident Frequency (TRIF) to 0.46, 35% lower than the industry standard.

Smaller footprint, Larger responsibility

We consider our legacy not just in feet drilled, but in impact minimised. We continue to focus on sustainability and governance through efficiency, transparency, and long-term value creation aligned with UN Sustainability Goals and Saudi Vision 2030.

This year, Arabian Drilling avoided 2,425 MtCO2e of emissions and continued to expand the use of solar power and battery storage to reduce emissions, not just on rigs but in operational centres like the Infinity Innovation Lab – allowing us to leverage technology like AI in a sustainable way.

2026: A Year of Recovery and Optimism

Arabian Drilling navigated 2025 thanks to dedicated people and valued clients. My 2026 priority is simple: safer operations, higher uptime, and consistently better well delivery. Despite the regional tensions at the beginning of 2026, we are in strong position to convert the record backlog into stronger margins as reactivated rigs reach full impact in H2 2026.

I look forward to 2026 with confidence, taking pride in our rich heritage as we boldly pursue new horizons.

Business Strategy: A Focus on Purpose, Precision, and Progress

Arabian Drilling’s strength lies in its agility and resilience, mastering the shifting sands of land drilling and the complex waters of offshore operations. Through a culture of embedded safety and a commitment to financial strength, the Company transforms technical and macroeconomic challenges into performance breakthroughs.

Arabian Drilling entered 2025 with strong commercial momentum, reinforcing its position as Saudi Arabia’s largest drilling contractor with a 60-rig fleet and securing a record ﷲ 12.4 billion backlog. This reflects the Company’s disciplined approach to contract selection and capital deployment, prioritizing long-term value creation over volume. The award of our first international contract marked a deliberate step toward selective geographic expansion, strengthening our future growth platform while maintaining a clear focus on margin-accretive opportunities. The successful recall of four offshore rigs in Q4 2025, which returned to operations in early 2026, demonstrated our ability to respond swiftly to market recovery and protect asset productivity. Collectively, these achievements underscore the strength of our customer relationships and the effectiveness of a commercial strategy anchored in financial discipline, portfolio quality, and controlled expansion.

Operationally, Arabian Drilling delivered high-performance execution, achieving a Rig Efficiency Index of 90.91% and maintaining Non-Productive Time at 1.92%, supporting operational reliability and margin resilience. The acquisition of a self-elevating service vessel for ﷲ 260 million enhanced offshore support capabilities, while a record 60 rig moves in Q1 highlighted the agility and responsiveness of our teams. Financially, 2025 was a year of transition, with ﷲ 3.43 billion in revenue and ﷲ 1.24 billion in EBITDA, impacted by temporary offshore suspensions and a non-cash impairment charge. Despite these headwinds, the Company maintained a solid leverage position at 2.0x net debt/EBITDA and continued to generate strong operating cash flow, reflecting disciplined cost management and prudent capital stewardship. As we move into 2026, Arabian Drilling remains firmly focused on protecting margins, allocating capital selectively, and advancing a growth strategy grounded in financial discipline and long-term value creation.

Business Model

What We Do	Vision: Leading sustainable drilling services. Mission: Evolve the business to add value to people, clients, and shareholders by following the highest safety, technological, and operational standards.
How We Do It	Values: STRIVE – Safety, Teamwork, Reliability, Integrity, Value adding, and Environment. Diversified Offering: Land (conventional and unconventional) and offshore.
How We Create Value	People at the heart. Measurable operational excellence. Safety as core culture. Financial strength. Innovation that delivers.

Rooted in Saudi Pride

As the first national drilling contractor to operate offshore in Saudi Arabia, the Company’s heritage is about more than technical progress: it is also about national pride and ambition. At a time when the industry was led by others, Arabian Drilling was built and operated by Saudis, mastering one of the world’s toughest industries.

Today, it continues to emphasise community engagement, economic growth, and governance, aligning its strategic focus and operations with Saudi Vision 2030 objectives. Through initiatives that enhance social well-being, support workforce development, and maintain transparency, it contributes to the Kingdom’s goal of becoming a sustainable and competitive nation.

A Vibrant Society

Arabian Drilling is committed to supporting employees and the communities where it operates – in hiring and development practices as well as support for community groups, educational institutions, and humanitarian and charitable organisations. Through this support and by contributing to social progress, the Company helps foster a sense of national pride and responsibility.

The Company is proud to support “Made in Saudi” and has chosen projects, training, and initiatives with the local community and Saudi Vision 2030 at the forefront. 2025 programmes supported community well-being through targeted donations and social initiatives focused on health, social welfare, and environmental stewardship, including:

- **Healthcare and preventive awareness campaigns:** Such as blood donation, breast cancer awareness, and broader health campaigns with Tawuniya and well-being campaigns with Saudi Aramco.
- **Support for vulnerable groups and social institutions:** Such as the Trahum Foundation and Beena Orphanage.
- **Community environmental initiatives:** Ranging from tree planting and beach clean-ups to fire prevention activities.

A Thriving Economy

As Saudi Arabia’s national drilling champion, the Company continues to support the Kingdom’s energy plans – while creating diverse job opportunities for Saudis and attracting the best global talent. It has long been recognised for its Saudization efforts: its rate has always been above average for the sector, and in 2025 reached an impressive 69%. It takes pride in supporting the training and development of young Saudis through initiatives such as:

- **Arabian Drilling Academy Training Centre:** This state-of-the-art training facility features cutting-edge simulators to support technical training, including a fully established well control certification programme. Through ADATC, the Company collaborates closely with clients to develop best-practice courses aligned to their needs, which they can then implement in their own training programmes.
- **Saudi Arabia Drilling Academy:** The Drilling Academy provides comprehensive training experiences that combine theoretical classroom knowledge and practical on-the-job training, preparing talent for crucial roles on the rig site.
- **Saudi Petroleum Services Polytechnic:** Arabian Drilling is a supporter and sponsor of this initiative, which provides specialised technical capability development.
- **Skillsoft e-learning platform:** Launched within the Company in 2025 as part of its digital transformation programme, the platform provides enhanced training linked to career pathways, helping people build the skills needed to drive long-term progression in the industry and individual development.

Building Trust Through Governance

Rooted in Saudi pride and global standards, Arabian Drilling is committed to effective governance, accountability, and transparency through key practices:

- **Corporate Governance Framework:** This framework has a strong emphasis on ethical business conduct and adherence to best practices.
- **Board of Directors:** Nine members oversee the Company’s strategic direction and ensure management acts in the best interests of shareholders and stakeholders.
- **Board committees:** Each committee operates under a specific charter that outlines its responsibilities and governance practices.
- **Transparency with investors:** This includes both retail and institutional investors, with regular communication and disclosure of financial and operational performance.
- **Conflict of Interest and Business Ethics Policy:** This policy ensures all employees and directors act with integrity.
- **Code of Conduct:** All employees sign up to the Code, which sets ethical standards and expectations, and fosters a culture of accountability and ethical behaviour.

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Arabian Drilling’s vision is very much aligned with Saudi Vision 2030. We have a deep focus on Saudi talent, contributing to a thriving economy as we prioritise development opportunities that take the Company, the industry, and the Kingdom further.

”

Sara Ali, Chief HR & Digital Transformation Officer

Safeguarding Financial Strength

Strategic flexibility is at the heart of Arabian Drilling’s approach, and is a key way in which its deep roots drive bold horizons. Amid a challenging environment in 2025, prudent financial strategy safeguarded the Company against headwinds while enabling growth.

Depth with Discipline

2025 began under the shadow of rig suspensions. The Company’s agility in pivoting to unconventional gas rigs – acquiring and upgrading 13 rigs and deploying them within 6 months – protected revenue. Given the challenging operating environment and oil price declines, the Company also took strategic steps to balance capital expenditure to maintain a solid financial foundation for sustainable growth. Through disciplined cost management, sustainable annualised savings of **ﷲ** 30 million were achieved.

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This year underscored the importance of our unconventional fleet, which helped offset broader industry challenges in 2025 and into 2026. The timing of our decision to streamline and strengthen our cost structure has proven to be well-chosen, supporting our readiness to capitalise on emerging opportunities and allocate capital to cash-generative assets.

”

Farid Mustafayev, Chief Financial Officer

Steady Under Pressure

Arabian Drilling’s commitment to strategic flexibility is also evident in its prudent approach to leverage. Despite margin pressures, it ended the year with a solid balance sheet position: **ﷲ** 595.3 million in cash and a healthy leverage ratio below 2.0x, underscoring disciplined working capital management and financial resilience.

Despite the utilisation drop from rig suspensions and terminations, 2025 revenue and EBITDA remained resilient, demonstrating the effectiveness of the Company’s business model and pivot to unconventional rigs. Revenue declined only 5.1% year on year to **ﷲ** 3,443 million, with lower offshore activity largely offset by continued strength in the unconventional segment. EBITDA of **ﷲ** 1,240 million – with a healthy 36.1% margin – reflected the shift in activity mix, including lower offshore contributions. The Company remains focused on cost discipline to restore profitability momentum, boost cash flow performance, and drive long-term value for shareholders.

With the successful renewals of all contracts due to expire in 2025, Arabian Drilling finished the year with a record backlog of **ﷲ** 12.4 billion. In Q1 2026, four rigs recalled in Q4 2025 resumed operations. Although some offshore rigs were temporarily suspended in March 2026 as a precautionary measure due to the regional situation, the land fleet of 39 rigs continued operating at full capacity without interruption. The Company is prepared to resume offshore operations promptly once regional tensions ease; minimal financial impact is expected in Q1 2026, with recovery as soon as conditions normalise and operations resume.

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Our financial performance demonstrates our ability to navigate market challenges while continuing to invest in future growth by optimising our assets and capital allocations. The careful balance between optimising our cost structure, prioritising cash-generating capital expenditure, and capturing growth opportunities allows us to maintain a solid financial foundation. We remain vigilant and prudent to ensure long-term shareholder value amid ongoing economic and geopolitical fluctuations.

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Farid Mustafayev, Chief Financial Officer

ﷲ Million	Q4'25	Q3'25	QoQ %	FY'25	FY'24	YoY %
Revenue	824	835	-1.3%	3,433	3,619	-5.1%
EBITDA	263	293	-10.2%	1,240	1,508	-17.8%
EBITDA Margin	31.9%	35.1%	-315bps	36.1%	41.7%	-560bps
Adjusted Operating Profit	23	55	-57.6%	283	671	-57.8%
Adjusted Net (Loss) / Profit ⁴	(34)	(9)	263.2%	39	426	-90.8%
Net (Loss) / Profit	(149)	(9)	nm.*	(75)	321	-123.4%
EPS (ﷲ)	(1.67)	(0.11)	nm.*	(0.85)	3.61	-123.4%
Capital Expenditures	161.7	98	64.9%	746	1,910	-61.0%
Cash flow from operations ¹	257.5	276	-6.6%	1,186	1,440	-17.7%
Net debt / TTM EBITDA	2.0x	2.0x	0%	2.0x	1.6x	25%
Active Rigs (EoP) ²	45	45	0%	45	49	-8.2%
Utilisation Rate (EoP) ³	75.0%	73.8%	+1.2%	75.0%	83.1%	-8.1%

1 Before working capital changes.
2 Active rigs at the end of the period include rigs operating and generating revenue.
3 Utilisation rate refers to the percentage of revenue-generating rigs relative to total available fleet of 60 rigs.
4 Adjusted for non-cash impairment in 2025 (**ﷲ** 114m) and 2024 (**ﷲ** 105m).

* Nm: Not meaningful

Operational Review

When you have deep roots and discipline, you can be bold in seizing opportunities. Despite the challenging business and macroeconomic environment, Arabian Drilling's agility, efficiency, and reliability led to new records.



The Power of Depth: Record Backlog

Arabian Drilling successfully renewed all 24 rig contracts due for renewal in 2025, which included the 11 LSTK gas rigs with SLB. In Q4 2025, Aramco gave notice for resuming two offshore and three land rigs that had been suspended (one land rig resumption noticed was withdrawn later), with operations commencing in Q1 and early Q2 2026, increasing utilisation rates.

As a result of these resumptions and finalising all planned extensions for 2025, the Company ended the year with a total backlog of **ﷲ 12.4 billion** – a record in Arabian Drilling’s 61-year history. This achievement demonstrates both the Company’s depth and innovation: it continued its role as Aramco’s long-serving drilling contractor and made new strides in drilling for lithium, geothermal, and CO² injection.

At the end of Q1 2026, the Company received notifications for temporary suspension of some offshore rigs in the Arabian Gulf as a precautionary measure due to the regional situation. These rigs are ready to resume promptly once tensions ease and conditions normalise, with minimal financial impact expected. The active land fleet of 39 rigs remained operating at full capacity without interruption, illustrating the robustness of the Company’s business model and its capability to endure market fluctuations.

ﷲ 12.4 billion	100%
Backlog – a new record in Arabian Drilling history	Of rigs up for renewal in 2025 had contracts extended

“

We have a robust platform for growth. Not only are we Saudi Arabia’s largest drilling contractor by fleet size, but this record backlog is testament to the deep trust clients have in us.

”

Mikael Gren, Chief Operating Officer

New Frontiers: First International Expansion

As the first contractor to conduct offshore drilling operations in Saudi Arabia 61 years ago, the Company has consistently demonstrated its capability and leadership in the industry. 2025 marked a new era in that leadership as it initialised its first offshore operation outside the Kingdom.

In July 2025, Arabian Drilling signed a contract with a GCC-based company for an offshore jack-up rig – the most significant event since its 2022 IPO. The contract is primarily for exploration purposes, with preliminary well drilling commenced in Q1 2026 and lasting for five to seven months. The contract has an accretive impact on the Company’s backlog of **ﷲ 75 million**. Extension is contingent on successful outcomes from the exploratory efforts.

At the same time, Arabian Drilling announced the establishment of a new branch in Sharjah, UAE, which will serve as a base for operations within the GCC and beyond. These new international endeavours will be staffed by Saudi talent, with Arabian Drilling taking the initiative in exporting and developing this talent.



Impact of the new GCC contract on Arabian Drilling’s backlog

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Establishing our Sharjah branch and signing our first international contract signifies a strategic milestone, as it marks our first major step in expanding our operational footprint worldwide. It’s a continuation of Arabian Drilling’s pioneering spirit to adapt to market dynamics and capture opportunities in regional and global markets.

”

Fahad Albani, Chief Executive Officer

Offshore Highlights

In 2025, the offshore segment remained affected by the suspensions announced last year. As a result, offshore revenue fell 18.3% to **ﷲ 250 million** in the first quarter. This trend continued in Q2 with a 1.6% decline from Q1, which was partially offset by investment in a new self-elevating service vessel as part of the strategy to enhance operational service capabilities. The vessel, which has a highly accretive EBITDA margin, added **ﷲ 170 million** to the backlog and allows Arabian Drilling to diversify revenue sources to streamline earnings.

Offshore revenue began to rebound in the third quarter with a 2% increase, finishing the year at **ﷲ 252 million**. In the fourth quarter, the Company received resumption notices for two offshore rigs, which commenced operations in Q1 2026. At the end of Q1 2026, regional tensions led to temporary suspensions of all drilling contractors operating offshore in the Arabian Gulf as a precautionary measure, affecting some rigs in the fleet. The Company is prepared to resume operating these rigs promptly once the situation eases.

72.7%	ﷲ 4.6 billion	ﷲ 170 million
Offshore utilisation in 2025, projected to reach 100% in Q2 2026 once regional tensions ease and offshore drilling in the Arabian Gulf resumes	Offshore segment’s contribution to the 2025 backlog (37.1%)	Added to the backlog from the new self-elevating service vessel

Offshore Segment Results

ﷲ Million	FY’25	FY’24	YoY %
Revenue	998	1,478	-32.1%
Gross Profit*	22.7%	41.5%	-18.8%

*Includes depreciation, excluding G&A, interest, and tax

*Excludes impact of non-cash asset impairment

Land Highlights

In the face of offshore rig suspensions, the land segment was Arabian Drilling’s revenue backbone in 2025, driven largely by the Company’s strategic pivot toward gas. The deployment of 13 unconventional land rigs acted as a crucial buffer, driving segment revenue up by 13.8% year on year to reach **﷼ 2,436 million**. This surge in unconventional activity provided financial stability by offsetting the impact of offshore suspensions and terminations.

Throughout the year, key contract renewals were secured: a one-year extension for 11 unconventional gas rigs with SLB for the LSTK project and extensions of up to ten years for six rigs with Aramco, including for geothermal and oil workover projects. In November 2025, three suspended land rigs were recalled, with operations starting in Q1 2026. Reactivation of a further land rig was announced in March 2026. As a result, land utilisation is expected to reach 80% in Q2 2026.

This put Arabian Drilling in a strong position to capitalise on growth opportunities in a competitive market and offset the effects of the temporary suspension of offshore drilling activity in the Arabian Gulf due to regional tensions.

75.5%	﷼ 7.7 billion	17
Land utilisation in 2025	Land segment’s contribution to the 2025 backlog (62.1%)	Land rigs had their contracts renewed in 2025
		An additional three suspended rigs recalled for operations starting in Q1 2026 Reactivation of a further land rig announced in March 2026

Land Segment Results

﷼ Million	FY’25	FY’24	YoY %
Revenue	2,436	2,141	13.8%
Gross Profit*	10.7%	11.7%	-1.0%

*Includes depreciation, excluding G&A, interest, and tax
*Excludes impact of non-cash asset impairment

Spotlight
Unconventional: Forging Success from Adversity

In 2025, less than a year after entering the unconventional market, Arabian Drilling set a new record, with 13 new rigs deployed and operational. Achieving in months what takes other players years is a testament to the Company’s agility and ambition.

Thanks to this ability to innovate under pressure, Arabian Drilling offset the majority of the **﷼ 600+** million of revenue lost from offshore rig suspensions – maintaining top-line stability during a period of industry-wide disruption.

“

When we say we pride ourselves on our ability to deploy fast, we mean it. Deploying 13 unconventional rigs in less than a year is one of Arabian Drilling’s most distinguished achievements. Thanks to the Company’s strategic vision, market knowledge, and commitment to excellence, the pivot to unconventional provided a resilience that distinguished Arabian Drilling during a challenging period for the entire industry.

”

Mikael Gren, Chief Operating Officer



Unconventional rigs deployed and operational in less than 12 months (average 45 days per rig) – an agility record

Innovation Powerhouse: Investing at the Cutting Edge

Arabian Drilling’s ambition is to be the best when it comes to drilling speed and safety. Applying deep knowledge of drilling processes and harsh environments, the Company continually seeks new ways to support clients and employees. Importantly, its approach to technology isn’t about replacing people, it’s about enhancing their capability, sharpening their judgment, and protecting their safety.

A major innovation focus area in 2025 was the use of AI to strengthen health, safety, and operational monitoring across the fleet. An AI-enabled HSE platform was piloted on eight rigs, supporting the identification of potential risks and unsafe behaviours in real-time. The system supports monitoring across a range of safety-critical areas, generates incident alerts at rig level, provides behavioural safety analytics, and issues automated notifications to responsible personnel – enabling timely intervention and improved oversight.

The Company also implemented an integrated journey management and fleet monitoring solution that enables real-time rig movement and vehicle tracking, as well as an HSE and service quality reporting platform that enhances incident reporting, data transparency, and performance monitoring. These developments – together with the Infinity Innovation Lab, Behaviour Empowerment Centre, and HSE training investments – contributed to sustained improvement in Total Recordable Incident Frequency (TRIF). 2025 TRIF was 0.46,* 36% lower than 2024 and 35% lower than the industry standard.

* TRIF based on 1 million manhours; industry standard figure is 0.7 (IADC ME)

Infinity Innovation Lab

Launched in 2024, the Infinity Innovation Lab is Arabian Drilling’s central nervous system, transforming how performance, maintenance, and safety are managed. The Lab fosters a culture of open information sharing and collaboration, accelerating continuous improvements across operations. Walls of glowing digital dashboards display live data streams from across the fleet, giving operational visibility in real-time.

The Infinity Innovation Lab uses advanced analytics and AI to assess a full spectrum of risks and efficiencies – from mechanical rig operations to team dynamics. This drives a shift from reactive to proactive: through predictive maintenance and automation, teams can anticipate challenges and equipment failures before they affect operations.

The Lab is designed with sustainability is its heart. It uses solar power and battery storage to reduce its carbon footprint, and by embedding environmental responsibility and data transparency into the rhythm of daily operations, it helps deliver performance that’s safer, cleaner, and more efficient.



Turning Fast-Moving Variables into Consistent Results

- **Real-time data:** The Infinity Innovation Lab streams essential real-time data to the operations centre, giving unified insight into the performance of rigs and crews.
- **Predictive maintenance and data transparency:** The Lab helps optimise drilling performance by anticipating challenges and failures and simplifying collaboration.
- **AI integration:** The Lab's capabilities were strengthened by integrating AI, which plays a vital role in enhancing safety and efficiency.

“

We have a major focus on innovation at Arabian Drilling. Automation for drilling equipment is a prime example: we are trying to eliminate human interaction with any piece of moving equipment to reduce risk exposure and keep people safer. The Infinity Innovation Lab is a critical part of that innovation picture, helping us capitalise on opportunities, drive continuous improvement, and monitor success.

”

Mikael Gren, Chief Operating Officer

Behaviour Empowerment Centre

The Arabian Drilling Behaviour Empowerment Centre (BEC) represents a new frontier in safety, leadership, and organisational culture. Grounded in behavioural management science, this cutting-edge facility moves beyond simple monitoring to actively shape a safer work environment.

The BEC's philosophy is centred on a “no-blame” culture that prioritises proactive intervention. Processing over 1,000 live CCTV streams, it uses advanced AI and analytics to identify patterns and strengthen situational awareness in real-time. This massive intake of visual data allows the team to pinpoint risks that the human eye might miss. It also helps us improve operational protocols to reduce exposure to higher-risk activities. For example, it can monitor the interplay between automated pipe handling and precise machinery, allowing operators to supervise from a safe distance.

In 2025, the BEC achieved a new level of maturity in how it communicates vital information to the fleet. Moving away from traditional paper alerts which are open to interpretation, it now extracts insights to create high-impact video alerts. These visual lessons provide clear, unambiguous guidance on best practices and safety hazards. AI tools for predictive behaviour and positive reinforcement were also added.

Harsh Operating Environments, Enhanced Safety

- **AI-powered analysis:** Real-time insights from 1,000+ rig cameras help prevent incidents and reduce downtime.
- **Procedural adherence monitoring:** Improves compliance and efficiency.
- **Situational training:** Strengthens frontline decision-making.
- **On-the-spot intervention:** Promotes a proactive, “no-blame” safety culture.

“

We were the first company in Saudi Arabia to create a Behaviour Centre like this. Each rig can have 16 cameras, so it's a major achievement to streamline them in this way and provide technology-empowered extra eyes to enhance safety. As we introduce more AI and increase coverage, the opportunities to reduce risks increases dramatically.

”

Mikael Gren, Chief Operating Officer



Sustainability Review

Sustainability shapes how we conduct business and create long-term value. Through disciplined processes and technology, we align our operations with the evolving expectations of stakeholders across the value chain.



Sustainability Approach

Arabian Drilling integrates sustainability considerations into its core business strategy and operational decision-making. It emphasises responsible growth, operational resilience, and long-term value creation through efficient resource management, robust risk management practices, digitalisation, and adherence to applicable regulatory and industry standards, including Saudi Vision 2030. Within the evolving energy landscape, the Company continues to strengthen its governance frameworks, uphold ethical business conduct, and support the sector’s transition towards more sustainable and responsible operations.

Sustainability Framework

Arabian Drilling’s Sustainability Framework is structured around three pillars:

- Human Capital and Community Impact.
- Environmental and Climate Stewardship.
- Corporate Governance and Operational Excellence.

Aligned with UN Sustainable Development Goals, these pillars provide a balanced and integrated approach to responsible business practices and long-term value creation. The pillars are supported by 15 defined elements that guide Arabian Drilling’s approach to labour practices, environmental management, and ethical governance. Together, they provide a structured foundation for addressing key priorities such as employee well-being, emissions management, water and waste stewardship, risk oversight, and responsible business conduct.

Human Capital and Community Impact	Environmental and Climate Stewardship	Corporate Governance and Operational Excellence
This pillar focuses on areas including: • Occupational health and safety • Human capital development. • Diversity, inclusion, and equal opportunity. • Community engagement. • Social investment. • Respect for human rights.	This pillar encompasses: • Decarbonisation and the transition towards lower-carbon and renewable energy sources. • Energy efficiency and conservation. • Responsible water and wastewater management. • Waste management and circularity practices. • Protection of natural and cultural resources.	This pillar includes areas such as: • Business ethics and compliance. • Enterprise risk management. • Responsible use of technology, including AI. • Innovation and digital transformation. • Sustainable supply chain management.
		

“

For us, sustainability starts with running a safer, more efficient fleet – every day, on every rig.

”

Fahad Albani, Chief Executive Officer

Strong Foundations, Sustained Progress

2025 initiatives aligned with the Arabian Drilling Sustainability Policy and Decarbonisation Roadmap 2050 established in 2024. This year, the focus was on translating these commitments into action and embedding sustainability more firmly within day-to-day

operations. Progress included:

- Adoption of additional renewable energy solutions.
- Formalisation of a Waste Management Framework to enable the systematic identification, segregation, monitoring, and reduction of waste generated across operations, including at rig level.
- Implementation of targeted community initiatives.
- Advancement of digitalisation efforts to enhance operational visibility, improve safety and efficiency, and support ongoing efforts to manage environmental footprint.

Collectively, these actions show clear progress in positioning Arabian Drilling as a committed and technology-enabled contributor to the Kingdom’s energy transition and sustainability goals, in line with Saudi Vision 2030.

Read more in the Arabian Drilling Sustainability Report

For more information on Arabian Drilling’s initiatives relating to Human Capital and Community Impact, Environmental and Climate Stewardship, and Corporate Governance and Operational Excellence, please see our annual Sustainability Report.

Read Sustainability Report

2025 Sustainability Highlights

Human Capital and Community Impact	Environmental and Climate Stewardship	Corporate Governance and Operational Excellence
67.72 hours Average training per employee	2,425 MtCO2e Emissions avoided in 2025	Zero Data breaches
69% Saudisation rate	1.5% Reduction in Scope 1 greenhouse gas emissions From 2024 baseline	100% Employees underwent data protection training
Silver Award for Corporate Social Responsibility from the Ministry of Human Resources and Social Development, KSA	1,560-watt Solar tower lights installed at one rig	73% IKTVA score
0.46 Total Recordable Incident Frequency (TRIF), a 33% reduction from 2024 Based on 1 million manhours Sustained improvement trend 35% lower than industry standard (0.46 vs 0.7 IADC ME)	124.74 KL Diesel saved through crown lighting, minimising diesel-powered night lighting	39% Ratio of spending on local suppliers
	Waste Management Framework formalised	95.1 Rig Efficiency Index (REI): 85% of rigs above 90

Our People

Arabian Drilling recognises that its people are fundamental to long-term business sustainability – and is committed to fostering a safe, inclusive, and supportive work environment.

The Company fosters a capable, engaged, and future-ready workforce through structured initiatives focused on skills development, innovation, and career progression. By aligning human capital development with broader business objectives, employees are empowered to contribute to organizational goals while also contributing to their personal development and the Kingdom's economic and social priorities.

Key 2025 focus areas included talent acquisition, targeted training and capability building, digital enablement, and workforce nationalisation.



A Framework for Growth

Arabian Drilling’s Human Capital Strategic Framework supports the development of workforce capabilities, advances long-term organisational objectives, and enhances the overall employee experience through an integrated Human Capital Management system. It focuses on areas including talent acquisition, employee development, rewards and recognition, and organisational effectiveness – ensuring these priorities are supported by strong governance, leadership engagement, continuous learning, technology enablement, and data-informed decision-making.

In 2025, the Company completed a Competency Framework to enhance workforce readiness and better support employees with structured career progression. The Framework was successfully piloted in finance, HSE, supply chain, and HR and will be scaled out to other business units in 2026. In addition, the Company introduced a Leadership and Succession Plan Framework to safeguard business continuity.

Driving Efficiency, Elevating Performance

In line with the ambitious multi-year HR transformation programme launched last year, 2025 efforts focused on strengthening workforce planning and capability development.

Enhancements across the employee lifecycle focused on process efficiency, data integrity and governance, and accessibility. The Company continued to expand digital HR capabilities, improve analytics, and embed AI and automation to streamline processes, improve communication, and expand access to HR services. This included implementing digital HR and training dashboards covering the entire fleet, improving workforce analytics, streamlining monitoring of training activities, and enabling more informed planning and decision-making.

These efforts contributed to increased employee engagement, as evidenced by an 86.2% of staff participating in the 2025 Involve to Evolve survey (up from 67.3% in 2023). Impressively, 86.3% of respondents had a favourable view of Arabian Drilling as their preferred employer.

Arabian Drilling Academy Training Centre (ADATC)

ADATC is a state-of-the-art training facility that features cutting-edge simulators to support technical training, including a fully established well control certification programme. Its quality is reflected in the breadth of accreditations from recognised international organisations including ISO (9001 and 29993), the International Well Control Forum (IWCF), International Association of Drilling Contractors (IADC) Drilling Industry Training programmes including WellSharp, and the Health and Safety Institute (HSI).

Innovation continues to shape Arabian Drilling’s approach to training, with advanced technologies supporting effective skill development. These include a firefighting simulator, an offshore crane operations and drilling simulator, and a well control simulator. The comprehensive curriculum reinforces ongoing learning and strengthens workforce capability to meet changing industry requirements.

2025 saw the completion of a major ADATC facility modernisation project to enhance the learning environment, as well as strengthened digital learning governance and expanded simulator capabilities. As a result, ADATC reached a new level of scale, offering over 100 active courses across HSE, technical, soft skills, and other areas; reaching nearly 9,000 learners; and delivering over 1,800 training sessions. Additionally, a major milestone was achieved through formal registration with the Technical and Vocational Training Corporation (TVTC), which lays the foundation for revenue-generating training activities.

Through ADATC, the Company collaborates closely with clients to develop best-practice courses aligned to their needs, which they can then implement in their own training programmes. It also contributes to broadening safety awareness through community engagement initiatives, including cooperation with local schools where students participate in structured fire safety simulation exercises.



100+ Active Courses	9,000
Active courses in the Arabian Drilling Academy Training Centre, up from 42 in 2024	Learners participated in courses in 2025

Developing National Talent

The new Competency Framework developed in 2025 is key to strengthening Arabian Drilling’s capability pipeline and nurturing employees with skills for future career success.

As part of these workforce readiness and talent development ambitions, the Company also launched a new e-learning platform in partnership with Skillsoft, offering training aligned to roles and competencies. As a result, employees have easy access to high-quality learning modules that develop the skills needed for progression – in the short-term and as the industry evolves.

Through structured development programmes and strategic partnerships, the Company strengthened its commitment to workforce localisation by expanding opportunities for Saudi talent and increasing national representation across key roles. Ongoing collaboration with the Saudi Arabian Drilling Academy (SADA) and Saudi Petroleum Services Polytechnic (SPSP) supported the delivery of specialised technical training, while participation in local recruitment initiatives and university engagement programmes helped attract emerging talent. Engagement with national employment initiatives including Tawteen, Mowaamah, and Tamheer continued, contributing to the development of a capable and competitive Saudi workforce.

These efforts in workforce localisation led to an impressive 69% Saudisation rate and were recognised within the industry, including receiving the Best in Saudisation (Services) Award under Saudi Aramco’s IKTVA programme.

Headcount

	2022	2023	2024	2025
Total Headcount	4,547	5,279	5,184	5,261
Male Employee	4,478	5,201	5,098	5,178
Female Employee	69	78	86	83

Saudization

	2022	2023	2024	2025
Total Employee	74.4%	66.3%	68%	69%

“

With continued emphasis on developing and retaining local talent, we aim to build a resilient, high-performing workforce that supports sustainable growth and operational excellence.

”

Sara Ali, Chief HR & Digital Transformation Officer



DIRECTORS' REPORT

2025

DIRECTORS' REPORT

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At Arabian Drilling, integrity, accountability, and transparency form the foundation of our corporate culture. We consistently reinforce stakeholder confidence and promote stability and excellence in all facets of our operations by implementing robust policies, advanced risk management systems, and embracing ongoing improvement.

ABOUT THE COMPANY

Founded in 1964, Arabian Drilling or the “Company”, is a Saudi Public Joint Stock Company listed on the Saudi Exchange Market (Tadawul) under ticker code “2381”. Arabian Drilling is a leading provider of oil and gas drilling services, operating a fleet of 60 land and offshore rigs primarily in the Kingdom of Saudi Arabia, with presence in the Khafji Area and the wider GCC region. The client base includes Saudi Aramco, SLB, Khafji Joint Operations (KJO), Baker Hughes, and prominent GCC clients. With a modern fleet and robust operational capabilities, the Company executes complex drilling programs across diverse geologies and operating environments.

Shareholding Structure

- 1. 35.7% owned by The Industrialization and Energy Services Company (also known as TAQA). TAQA is a leading provider of products and services to the energy industry in Saudi Arabia and globally.
- 2. 34.3% owned by SLB (formerly known as Schlumberger). SLB is the world’s largest oilfield services provider, offering technical services and products globally to the energy sector.

- 3. 30.0% of the company’s shares are in free float.

Arabian Drilling enjoys a strong reputation in Saudi Arabia and across the wider GCC for safe, efficient drilling, both offshore and onshore. Its long-standing leadership is backed by operational excellence and a proud heritage as a Saudi drilling champion since 1964.

The Company has received multiple awards over the years, with the latest one being the IKTVA Excellence Award from Saudi Aramco for “Best in Saudization (Services)” awarded in January 2025.

Arabian Drilling’s Sustainability Roadmap aligns with the United Nations Sustainable Development Goals (UN SDGs) and Saudi Vision 2030. The roadmap adopts numerous initiatives and practices that empower employees, local suppliers, and the communities where the Company operates and serves while responsibly managing growing business impacts on the environment.



● 30.0%

● 34.3%

● 35.7%

Company Lines of Business

The Company has one line of business which is drilling, and two segments, land and offshore. Arabian Drilling provides the drilling service only and does not conduct exploration activities or extract hydrocarbons or any resources.

Land drilling is the mechanical process of creating wells onshore using a stationary land rig. The Company’s land fleet ranges from medium to high capacity drilling rigs, which can perform complex drilling operations and operate in the challenging environmental conditions of Saudi Arabia and the region.

Offshore drilling is similar to land drilling but in marine environments using offshore jack-up rigs. For offshore drilling, the Company uses jack-up rigs equipped with high-specification equipment. The Company’s operations in this segment are largely concentrated in the Arabian Gulf including the neutral zone between the Kingdom and Kuwait. The Company also operates two self-propelled multipurpose service vessels (MPSV), enabling it to host experts from different service providers who provide well services for customers.

Subsidiary Core Lines of Business

Subsidiary	Core Line of Business	Capital	Arabian Drilling Ownership Ratio
OFSAT Arabia LLC	OFSAT Arabia is a Limited Liability Company (LLC) headquartered in AlKhobar, Kingdom of Saudi Arabia that provides specialized moving, maintenance, and logistical support services for land drilling operations. The company’s principal activities include the provision, maintenance and operation of trucks, utility trailers, and rig-moving vehicles.	ﷲ1 million	100%



MACRO & MARKET HIGHLIGHTS*

The forward-looking statements in this section reflect current expectations and are subject to risks and uncertainties, including changes in market conditions, customer activity levels, and operational factors.

Managing a complex global landscape

The global energy sector in 2025 continued to navigate a complex landscape shaped by geopolitical uncertainty, slower economic growth in multiple regions and sustained renewable energy demand. While this transition towards lower-carbon energy systems remains a defining long-term trend, the pace and pathway of this transition continue to vary across regions. Additionally, the sustained lower crude prices despite geopolitical flash points indicated towards the delicate supply demand balance that oil producers continue to tackle.

In this environment, reliable, available and affordable have become increasingly prominent considerations in national energy strategies. Governments and industry participants are therefore adopting a pragmatic approach that balances decarbonization ambitions with the continued need for stable hydrocarbon supply.

Amidst all this, global energy demand continues to expand, driven primarily by emerging economies and increasing electrification across industrial sectors. According to the International Energy Agency, global energy demand grew by approximately 2.2% in 2024. While varied by region, this demand increase was felt across all energy sources. This per capita increase in requirement of energy signifies the importance of continued upstream investment, and cost optimization that is needed to continue to reduce cost/bbl of production.

Middle East: The Strategic Anchor of Upstream Investment

Middle East continues to represent one of the most stable and strategically important regions for oil and gas development. Supported by long-term national development strategies, and the financial strength of national oil companies, the region remains a cornerstone of global drilling activity.

Saudi Arabia continues to anchor regional upstream investment, with development programs focused on maintaining production capacity while expanding natural gas output to meet growing domestic energy demand and support long-term economic diversification.

At the same time, based on the global pressure on crude oil prices; and the rebalancing of the supply demand mix, which indicated marginal oversupply; the market experienced a period of operational adjustment. As a result, our assets in Saudi Arabia continued to remain underutilized because of temporary suspension in both offshore and onshore fleet.

Strong long-term regional perspective

Despite these near-term adjustments, several structural factors continue to support long-term drilling demand across the Middle East.

Expansion of Gas Projects

Gas development is emerging as a central pillar of regional upstream investment strategies. Across the Middle East, national energy policies are placing increasing emphasis on expanding gas production to support domestic power generation, industrial growth, and energy system diversification.

In Saudi Arabia, the expansion of both conventional and unconventional gas resources forms a key component of the Kingdom’s broader energy strategy. An example of this dedicated expansion in gas projects is the Jafurah unconventional gas field, one of the largest shale gas developments globally. It is estimated to contain approximately 229 trillion standard cubic feet of gas resources, supporting long-term drilling activity in Saudi Arabia. As these strategic investments continue to mature, the share of drilling activity

directed toward gas and gas-condensate reservoirs is expected to continue increasing across the region.

Field Optimization and Infill Drilling

Another important driver of drilling demand is the increasing focus on infill drilling and mature field optimization across the region’s established producing assets. Many Middle Eastern fields have been producing for decades, creating opportunities to enhance recovery through targeted drilling campaigns and reservoir management programs. As these assets mature, operators continue to deploy infill drilling strategies to sustain production levels and maximize reservoir recovery, supporting ongoing drilling demand across both onshore and offshore environments.

Offshore Market Conditions

Offshore drilling activity particularly in Saudi Arabia remained under pressure during 2025. In particular, the offshore jack-up market continued to face pricing pressure, reflecting a combination of global fleet availability and the suspension of rig activity in the country. Nevertheless, offshore development remains an important component of regional upstream strategies as was evident by the rig recalls that starting in later half of the year.

Technology and Operational Efficiency

Across the global drilling industry, operators and contractors continue to place increasing emphasis on operational efficiency, safety performance, and cost competitiveness. As drilling campaigns become increasingly complex, the integration of advanced digital capabilities and data-driven operational

models continues to play a critical role in enhancing reliability and overall operational performance.

Implications for Arabian Drilling

Against this evolving market backdrop, Arabian Drilling continues to operate within one of the most strategically important upstream markets globally. The Company’s long-standing presence in Saudi Arabia, combined with its operational expertise provides a solid foundation for navigating short-term market fluctuations while supporting long-term development programs across the region. The temporary rig suspensions in 2025, especially offshore operations; altered the revenue mix for Arabian Drilling and resulted in lower operating margins. At the same time, the continued expansion of unconventional gas programs onshore, allowed Arabian Drilling to further enhance its leading position in the land rig market in Saudi Arabia.

Looking ahead, the gradual normalization of activity levels and the anticipated recovery of offshore drilling programs are expected to create opportunities to improve fleet utilization. Arabian Drilling continues to stay true to maintaining accretive growth in its home market in Saudi Arabia while maintaining a disciplined approach to contract participation in adjacent markets.

Consistent with the strategic direction established in previous years, Arabian Drilling continues to focus on operational excellence, cost optimization, disciplined growth, human resource development and technological advancement. This focus will ensure that the Company remains well positioned to participate in the long-term development of the region’s energy resources while delivering sustainable value to its stakeholders.

* Sources: IEA – Global Energy Review 2025, IEA – World Energy Outlook, Saudi Aramco, Jafurah Field Overview (Independent Industry Source).

COMPANY PLANS, KEY EVENTS, AND REGULATORY DISCLOSURES

Description of the Company’s Important Plans, Decisions, Key Events, and Prospects for Operations

2025 Highlights

In 2025, Arabian Drilling demonstrated resilience and strategic growth, achieving significant milestones across operations, international expansion, and sustainability. We strengthened our offshore capabilities with the acquisition of a self-propelled service vessel, secured multiple long-term contract extensions with Saudi Aramco and KJO, and marked our entry into the GCC offshore market with our first international offshore contract. Rig reactivations and gas LSTK extensions reinforced our operational momentum, while a record backlog underscored our market leadership.	
Additionally, we advanced our Sustainability Roadmap through innovative initiatives aligned with Saudi Vision 2030, reinforcing Arabian Drilling’s long-term operational and sustainability objectives.	
Key 2025 Achievements	
Fleet expansion and strategic assets	On 7 April 2025 we acquired and deployed a new multipurpose service vessel (MPSV) with KJO, strengthening our offshore capabilities.
Contract extensions	Multiple long-term extensions were secured with Saudi Aramco and KJO, including: 5 May 2025: Two land rigs extended by Saudi Aramco 1 July 2025: Three land rigs and one offshore rig extended by Saudi Aramco 14 July 2025: Offshore jack-up contract extended with KJO 17 November 2025: Additional extensions by Saudi Aramco for three land rigs and one offshore rig
International expansion	On 29 July 2025 we signed our first international offshore jack-up contract in the GCC region, marking a significant step toward regional reach.
Gas LSTK rig extensions	All gas LSTK rigs were extended for one year on 17 August 2025, reinforcing our leadership in gas conventional drilling.
Rig reactivations	Notices of resumption were received for two offshore jack-ups on 30 October 2025, and three land rigs on 2 November 2025 indicating renewed activity and improved visibility into 2026.
Record backlog	By year-end, our backlog reached an all-time high of ﷼ 12.4 billion, driven by strategic contract renewals and expansions.
Financial resilience	FY 2025 revenue recorded ﷼ 3,433 million, a 5.1% decrease year-on-year despite significant challenges faced during the year. The drop in revenue was largely offset by continued strength in the unconventional segment. Despite margin pressures, Arabian Drilling ended the year with a solid balance sheet position. The Company ended the year with ﷼ 595.3 million in cash and maintained a healthy leverage ratio below 2.0x, underscoring disciplined working capital management and financial resilience.
Sustainability and innovation	We advanced our Sustainability Roadmap aligned with UN SDGs and Saudi Vision 2030, launching initiatives such as solar panel deployment and digital innovation through the Infinity Innovation Lab.

Regulatory disclosures

17 November 2025	Arabian Drilling signs four contract renewals totaling over ﷼ 2 billion.
9 November 2025	- Arabian Drilling announces the appointment of the Chairman and Vice Chairman of the Board of Directors and the formation of Board committees for the new term. - Arabian Drilling announces the formation of the Audit Committee. - Arabian Drilling issued an addendum announcement providing additional details regarding the formation of the Audit Committee.
2 November 2025	- Arabian Drilling announces its interim financial results for the period ending 30 September 2025 (nine months). - Arabian Drilling receives recalls for three land rigs.
30 October 2025	Arabian Drilling receives notice of resumption for two offshore rigs.
29 October 2025	Arabian Drilling announces date of filing interim financial results for the third quarter of 2025.
23 October 2025	Arabian Drilling announces the results of the Extraordinary General Assembly Meeting .
1 October 2025	Arabian Drilling invites its shareholders to attend the Extraordinary General Assembly Meeting via modern technology.
30 September 2025	Supplementary announcement from Arabian Drilling regarding the Board of Directors’ decision concerning the end of the current Board term.
28 September 2025	Arabian Drilling announces the Board of Directors’ recommendation to end the current term of Board of Directors.
20 August 2025	Addendum announcement from Arabian Drilling regarding the extension of the nomination period for the Board of Directors for the next term.
17 August 2025	Arabian Drilling announces contract extension for 11 land rigs with SLB.
30 July 2025	Arabian Drilling announces the opening of nominations for membership in the Board of Directors.
29 July 2025	- Arabian Drilling announces the establishment of a new branch in Sharjah, UAE. - Arabian Drilling announces the Board of Directors’ decision regarding the end of the current Board of Directors’ term. - Arabian Drilling announces contract sign-off with GCC-affiliated company. - Arabian Drilling announces the Board of Directors’ recommendation to pause cash dividend payments to shareholders for 2025. - Arabian Drilling announces its interim financial results for the period ending 30 June 2025 (six months).

Regulatory disclosures (cont.)

22 July 2025	▪ Arabian Drilling announces date of filing the interim financial results for the second quarter of 2025.
14 July 2025	▪ Arabian Drilling announces securing contract extension with Khafji Joint Operations Company for three years.
2 July 2025	▪ Arabian Drilling announces securing contract extensions for four of its rigs with Aramco.
29 May 2025	▪ Arabian Drilling announces the results of the General Assembly Meeting (first meeting).
13 May 2025	▪ Arabian Drilling announces its interim financial results for the period ended 31 March 2025 (three months).
6 May 2025	▪ Arabian Drilling invites its shareholders to attend the Ordinary General Assembly Meeting via modern technology.
5 May 2025	▪ Arabian Drilling announces long term contract extension for two land rigs with Aramco.
7 April 2025	▪ Arabian Drilling announces adding a new self-elevating service vessel.
16 March 2025	▪ Arabian Drilling announces Board of Directors’ decision to restructure Audit Committee, Nomination and Remuneration Committee, and Executive Committee and reappoint current members.
12 March 2025	▪ Arabian Drilling announces the Board of Directors’ decision to distribute cash dividends for the second half of the year 2024.
12 March 2025	▪ Arabian Drilling announces its annual financial results for the period ending 31 December 2024.
5 March 2025	▪ Arabian Drilling announces its intention to publish FY 2024 results on 12 March 2025.
18 February 2025	▪ Arabian Drilling announces signing of a memorandum of understanding with Shelf Drilling to establish a strategic alliance in international offshore drilling.

Future Events and Forecasts for the Company’s Business

Arabian Drilling enters 2026 with strong momentum and a clear roadmap for growth, driven by anticipated rig resumptions, new tenders, and international expansion. Our strategic focus remains on maximizing fleet utilization, capturing offshore opportunities, and sustaining operational excellence while aligning with Saudi Vision 2030 and global energy trends.

International expansion remains a key priority. Operations under the Company’s first GCC offshore contract will commence in Q1 2026, marking Arabian Drilling’s entry into regional markets beyond Saudi Arabia. The establishment of

a new branch in Sharjah, UAE, provides an operational base for GCC activities.

The operational and financial outlook for 2026 is solid, with offshore utilization expected to reach 100% early Q2 2026 driven by rig resumptions and commencement of the Company’s first international offshore contract in the GCC. Backlog visibility remains robust, backed by recent contract extensions and supporting revenue visibility through 2026 and beyond. Our strategic priorities include maximizing fleet utilization, securing upcoming tenders, strengthening international presence, and continuing sustainability and digital innovation initiatives aligned with Saudi Vision 2030.



Disclosure According to Regulations

Corporate Governance Regulations

What provisions of the Corporate Governance Regulations have been implemented and what has not been implemented, and the reasons for that:

The Company acknowledges the application of all provisions contained in the Corporate Governance Regulations except for the following:

Article Number	Article Text/Paragraph	Application Status	Notes
Article 41: Valuation	e) The Board of Directors shall make the necessary arrangements to obtain an evaluation of its performance by a competent external body every three years.	Not Applied	Indicative article – Non-binding
Article 67	Formation of the Risk Management Committee: A committee called the Risk Management Committee shall be formed by a decision of the Company’s Board of Directors, whose Chairman and the majority of its members shall be Non-Executive Members of the Board of Directors. Its members must have an appropriate level of knowledge of risk management and financial affairs.	Not Applied	Indicative Article – Non-binding
Article 68	Competencies of the Risk Management Committee.	Not Applied	Indicative Article – Non-binding
Article 69	Risk Management Committee meetings.	Not Applied	Indicative Article – Non-binding
Article 82	Motivating employees: The Company develops programs to motivate the participation and performance of the Company’s employees, including programs to grant employees shares in the Company or a share of the profits it achieves, retirement programs, and establishing an independent fund to spend on these programs.	Not Applied	Indicative Article – Non-binding
Article 92	Formation of the Corporate Governance Committee.	Not Applied	Indicative Article – Non-binding
Article 87: Social Work Initiatives	The Ordinary General Assembly shall establish – based on a proposal from the Board of Directors – a policy that ensures a balance between its objectives and the objectives that society aspires to achieve, with the aim of developing the social and economic conditions of society.	Not Applied	Indicative Article – Non-binding

Company Social Contributions

Social Contribution	Entity	Breakdown of Contribution
Breast Cancer Awareness Campaign	Company Employees	▪ Promoting health awareness. ▪ Highlighting the importance of early detection and its pivotal role in prevention. ▪ Supporting national health initiatives and encouraging social responsibility.
Silver Sponsorship for Al Ahsa Economic Forum 2025	Al Ahsa Chamber	ﷲ 287,500
Green initiative involving tree planting, blood donation, and safety awareness	KJO	Encouraging employee participation in volunteer and community work. ▪ Contributing to environmental improvement and increasing vegetation cover. ▪ Supporting blood banks with the necessary units to save critical cases. ▪ Raising awareness of safety and reducing risks in the workplace. ▪ Activating the company’s role in supporting sustainability.
Donation	Tarahum	ﷲ 350,000
Donation	Benaa Orphanage	ﷲ 100,000
Donation for Ramadan food baskets	AlBerka AlKhairiya	ﷲ 87,000
Sponsored the IADC 2025 event	International Association of Drilling Contractors (IADC)	\$ 15,000
Sponsored the Syria Perto event	Meshhadani International Group	\$ 4,000

BOARD OF DIRECTORS

Measures taken by the Board of Directors to inform its Members, especially Non-Executives, of the Shareholders’ Proposals and Observations regarding the Company and its Performance

The Company has a specialized Investor Relations Department responsible for answering all inquiries, complaints, opinions, and suggestions from shareholders via phone or email. In addition, the Board is kept informed of shareholder communications and observations through the submission of periodic reports that include information related to shareholder affairs, inquiries raised, and actions taken to answer those inquiries in a satisfactory and appropriate manner. Through these measures, all Board Members, especially non-executives, are informed of shareholder proposals and observations regarding the Company and its performance.

Board Composition

	Name	Role	Membership Status		
			Independent	Non-executive	Executive
1.	Dr. Muhammad Aldawood	Chairman of the Board		✓	
2.	Jesus Lamas Rios	Vice Chairman		✓	
3.	Adel Saleh Al Ghadhban	Board Member		✓	
4.	Adnan Ghabris	Board Member	✓		
5.	Alaa Dashash	Board Member		✓	
6.	Dr. Ghazi Al Rawi	Board Member	✓		
7.	Omar Al Husaini	Board Member	✓		
8.	Tarek Rizk	Board Member		✓	
9.	Ugo Prechner	Board Member		✓	



Meetings of the Board of Directors

The Board of Directors held four meetings during 2025, and attendance was as follows:

	Previous Board of Directors	First	Second	Third
		6 March 2025	14 May 2025	28 July 2025
1.	Khalid Nouh	Attended	Attended	Attended
2.	Jesus Lamas Rios	Attended	Attended	Attended
3.	Tarek Rizk	Attended	Attended	Attended
4.	Adnan Ghabris	Attended	Attended	Attended
5.	Waleed Al-Mulhim	Attended	Attended	Attended
6.	Vijay Kasibhatla	Attended	Attended	Attended
7.	Samir Seth	Attended	Attended	Attended
8.	Khlood Aldukheil	Attended	Attended	Attended
9.	Mike Mannering	Attended	Attended	Attended

	Current Board of Directors	Fourth
		17 December 2025
1.	Dr. Muhammad Aldawood	Attended
2.	Jesus Lamas Rios	Attended
3.	Adel Al Ghadhban	Attended
4.	Adnan Ghabris	Attended
5.	Alaa Dashash	Attended
6.	Dr. Ghazi Al Rawi	Attended
7.	Omar Al Husaini	Attended
8.	Tarek Rizk	Attended
9.	Ugo Prechner	Attended

The Current Board of Directors was elected by the Extraordinary General Assembly held on 22 October 2025, with the current Board’s term having started on 2 November 2025 and ending on 1 November 2029.

Shareholding and Securities Disclosures

In line with the Corporate Governance Regulations issued by the Capital Market Authority, the Board of Directors confirms the following:

- There are no interests, contractual securities, or subscription rights held by members of the Board of Directors, senior executives, or their relatives in the shares or debt instruments of the Company or any of its subsidiaries.
- There are no interests in classes of voting shares (other than those of members of the Board of Directors, senior executives, and their relatives) that were reported to the Company under Article 85 of the Rules on the Offer of Securities and Continuing Obligations, nor any changes to such rights during the last fiscal year.
- There were no redemptions, purchases, or cancellations by the Company of any redeemable debt instruments.
- There are no conversion or subscription rights under convertible debt instruments, contractual securities, warrants, or similar rights issued or granted by Arabian Drilling Company during the year 2025.
- There are no categories or numbers of convertible debt instruments, contractual securities, warrants, or similar rights issued or granted by the Company during the fiscal year 2025.
- There are no arrangements or agreements under which any shareholder has waived any rights to dividends.
- There are no arrangements or agreements under which any member of the Board of Directors or any senior executive of the Company has waved any salary or compensation.
- There are no shares or debt instruments issued to any subsidiary.
- There are no investments or reserves established for the benefit of the Company’s employees.



BOARD COMMITTEES

Audit Committee

Audit Committee’s Attendance Log

The Audit Committee held 6 meetings during the year 2025, and attendance was as follows:

Previous Audit Committee

		First	Second	Third	Fourth	Fifth
Name		27 Feb 2025	8 Apr 2025	27 Apr 2025	21 Jul 2025	27 Oct 2025
1.	Khlood Aldukheil	Attended	Attended	Attended	Attended	Attended
2.	Vijay Kasibhatla	Attended	Attended	Attended	Attended	Attended
3.	Mustafa Abdul Latif	Attended	Attended	Attended	Attended	Attended

Current Audit Committee

		Sixth
Name		1 Dec 2025
1.	Adel Al Ghaban	Attended
2.	Dr. Ghazi Al Rawi	Attended
3.	Ugo Prechner	Attended
4.	Abdulmohsen Al Rais	Attended
5.	Naseem Haidar	Attended

- The Current Board of Directors was elected by the Extraordinary General Assembly on October 22, 2025. The current Board’s term begins on November 2, 2025, and ends on November 1, 2029.
- The formation of the committee was announced on November 9, 2025, with membership commencing on November 6, 2025.

2025 Annual Audit Committee Report for the Financial Year Ended 31 December 2025

In accordance with its charter and governance mandate issued by the Capital Market Authority, the Committee has exercised its oversight responsibilities throughout the year 2025. This has included monitoring the integrity and transparency of Arabian Drilling’s financial reporting processes, evaluating the effectiveness of internal control and risk management frameworks, overseeing the performance and independence of the Internal Audit function, overseeing the performance and competency of the External Auditor, and ensuring adherence

to applicable regulatory, compliance, and governance requirements.

During the year 2025, the Committee engaged in comprehensive reviews, and discussions with management, the Internal Audit Department, and external assurance providers to ensure that Arabian Drilling’s governance, control environment, and audit activities continued to operate at the desired standard.

Key Activities of the Audit Committee

During the year 2025, the Audit Committee undertook the following key activities:

Financial Statements Review

The Committee reviewed the interim and annual consolidated financial statements for the year 2025 to ensure that they were prepared in accordance with the International Financial Reporting Standards (IFRS), Capital Markey Authority (CMA) requirement, and the Company’s accounting policies. The Committee evaluated the adequacy, clarity, and completeness of financial disclosures. In addition, the Committee reviewed the appropriateness and consistency of accounting policies, and evaluated significant accounting estimates, assumptions, and judgments applied by management.

Prior to publication on the Company’s page on the Saudi Exchange (Tadawul) within the timeframe prescribed by the Capital Market Authority, the Committee submitted its recommendations to the Board of Directors regarding the approval of the annual consolidated financial statements and their submission to the General Assembly for approval.

Internal Control:

The Committee oversaw and evaluated the effectiveness of the Arabian Drilling’s internal control environment and the adequacy of its risk-management processes through relevant reports and ongoing interaction with the management, compliance, internal and external auditors. The Committee monitored the implementation of corrective actions arising from identified control deficiencies, internal audit findings, or external audit observations.

In December 2025, the Audit Committee recommended establishing a Governance, Risk & Control (GRC) function, and the Board of Directors approved its recommendation.

Internal Audit:

The Committee reviewed and approved the annual risk-based internal audit plan ensuring adequate coverage of risk and Company’s strategic priorities. The Committee reviewed the internal audit report reports, key findings,

and management action plans, while monitoring the timely closure of audit observations.

External Audit

The Committee assessed the qualifications, independence, and performance of the external auditor, and recommended the reappointment of the external auditor for the year 2025.

The Committee reviewed and approved the external audit plan, and reviewed the external auditor’s reports, key audit matters, management letters, and the adequacy of management’s responses.

Compliance

The Committee reviewed compliance activities to safeguard compliance with the Arabian Drilling’s policies, Code of Conduct, and governance framework, ensuring they remained current and effectively implemented. The Committee reviewed compliance reports about any violations or material findings, along with associated corrective actions.

The Committee ensured maintaining Arabian Drilling’s ethical standards, code of conduct, and effective whistleblowing reporting channels.

In December 2025, the Committee recommended an updated whistleblowing policy to the Board of Directors, which subsequently was approved.

Audit Committee’s View of Arabian Drilling’s Internal Control

Throughout the Audit Committee’s activities, and considering the external and internal audit reports including the Internal Control Evaluation report by the internal auditor, the Committee concluded that Arabian Drilling’s internal control is “Generally Effective”, while noting that certain control gaps require attention and improvements to further strengthen the effectiveness and efficiency of the internal control environment. In aggregate, the identified gaps do not materially compromise the Company’s capacity to achieve its strategic or financial objectives.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee held 5 meetings in 2025, and attendance was as follows:

Previous NRC Committee		First	Second	Third	Fourth
Name		25 Feb 2025	28 Apr 2025	22 Jul 2025	18 Sep 2025
1.	Adnan Ghabris	Attended	Attended	Attended	Attended
2.	Moutaz Mashhour	Attended	Attended	Attended	Attended
3.	Jesus Lamas	Attended	Did not attend	Attended	Did not attend

Current NRC Committee		Fifth
Name		11 Dec 2025
1.	Dr. Muhammad Aldawood	Attended
2.	Adnan Ghabris	Attended
3.	Dr. Tarek Rizk	Attended
4.	Moutaz Mashhour	Attended

- The Current Board of Directors was elected by the Extraordinary General Assembly on October 22, 2025. The current Board’s term begins on November 2, 2025, and ends on November 1, 2029.
- The formation of the committee was announced on November 9, 2025, with membership commencing on November 6, 2025.

Nomination and Remuneration Committee Functions

The Nomination and Remuneration Committee is responsible for nominating the Board of Directors and determining the remunerations of the Company’s Directors and Senior Executives. The Committee’s main responsibilities and duties are:

1. Leading the process of nominating and evaluating the Board of Directors, its Committees and Senior Executives. and employees of the Company.
2. Ensuring the effectiveness and integrity of the Board of Directors, Executive Management structures, and relevant internal policies and procedures.
3. Assisting the Board in reviewing and determining the remuneration of Directors, members of Board Committees and Senior Executives

In addition, the Nomination and Remuneration Committee performs the following responsibilities:

Nominations:

- Prepare, recommend to the Board, and oversee policies and criteria in relation to the appointment of Directors and members of the Company’s Executive Management (the “Nomination Policy”), and proposing to the Board of Directors and supervising the implementation.
- Recommend candidates for nomination (or re-nomination) to the Board in accordance with the Applicable Law and the Nomination and Remuneration Committee Charter.
- Ensure that all necessary and appropriate inquiries are made concerning candidates’ qualifications before recommending their nomination to the Board.
- On an annual basis, review, evaluate, and provide recommendations to the Board on the capabilities, qualifications, and experiences required for Board membership and the Company’s Executive Management. This includes determining the time required for such membership and preparing job descriptions for Executive, Non-Executive, and Independent Directors and Executive Management.
- Verify the independence of each Independent Director on an annual basis, as per applicable regulations, and ensure there is no conflict of interest if a Director also serves as a board member for another Company.
- Periodically review and recommend to the Board concerning the succession plans for Directors and Senior Executives, considering the challenges and opportunities facing the Company as well as the skills and expertise required in the future.
- Evaluate and recommend potential candidates to the Board for Executive Management positions in the Company,, in particular, assisting the Board in selecting, developing, and evaluating potential candidates for the position of Chief Executive Officer.
- Develop and periodically review procedures for filling vacancies on the Board or the Company’s Executive Management and making recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

Review and Evaluation:

- Periodically reviewing the structure, size, composition, strengths, and weaknesses of the Company’s Board and Senior Management (including skills, knowledge, and experience). In addition, submitting recommendations and proposing appropriate solutions to the Board, in line with

the Company’s best interests.

- Developing and overseeing an orientation program for new Directors.
- Developing, recommending, and overseeing an annual self-evaluation process for the Directors and certain Senior Executives.

Remuneration:

- Preparing, recommending, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, Senior Executives, and members of Board Committees (Remuneration Policy), which shall be presented before the General Assembly for approval.
- Preparing an Annual Report on the remuneration and other payments (in cash or in kind) received by Directors, Executive Management, and Committee Members and the basis for the remuneration received with reference to the Remuneration Policy – including a description of any significant departures from the Remuneration Policy (the Annual Report on Remuneration.) In addition, submitting the Annual Report on Remuneration to the Board for consideration.
- Regularly reviewing and evaluating the effectiveness and appropriateness of the Remuneration Policy and making recommendations to the Board in this regard.
- Recommending to the Board the remuneration for Directors, Committee Members, and Senior Executives (including the nature and amount of the remuneration) in accordance with the approved Remuneration Policy.
- Reviewing the Company’s incentive plans for Directors and employees and making recommendations to the Board regarding the adoption, amendment, and termination of such plans.
- Preparing and supervising a career progression framework for the Company’s employees, clarifying the general range of professional ranks and levels, salary scale, benefits, and allowances (in cash or in kind) for the relevant professional rank and level.
- Preparing the required disclosures related to remuneration in accordance with Company policies, systems, rules, and applicable regulations. These include the disclosures relating to the Remuneration Policy and the Annual Report on Remuneration.

Executive Committee

The Executive Committee held 5 meetings during 2025, and attendance was as follows:

	Previous Executive Committee	First	Second	Third
	Name	24 Feb 2025	24 Apr 2025	21 Jul 2025
1.	Khalid Nouh	Attended	Attended	Attended
2.	Jesus Lamas	Attended	Did not attend	Attended
3.	Tarek Rizk	Attended	Attended	Attended
4.	Samir Seth	Attended	Attended	Attended
5.	Waleed Al-Mulhim	Attended	Attended	Attended

	Current Executive Committee	Fourth	Fifth
	Name	4 Dec 2025	12 Dec 2025
1.	Dr. Muhammad Aldawood	Attended	Attended
2.	Jesus Lamas	Attended	Attended
3.	Adel Al Ghadhban	Attended	Attended
4.	Omar Al Husaini	Excused	Excused
5.	Tarek Rizk	Attended	Attended

- The Current Board of Directors was elected by the Extraordinary General Assembly on October 22, 2025. The current Board’s term begins on November 2, 2025, and ends on November 1, 2029.
- The formation of the committee was announced on November 9, 2025, with membership on this committee commencing on November 6, 2025.

Executive Committee Functions

The Committee has the right to exercise all the powers delegated to it by the Board. It complements the role of the Board within its scope in the interim period between Board meetings. The exercise of such authorities by the Committee does not diminish the authority reserved for the Board.

The responsibilities of the Executive Committee include the following:

Review and Evaluation:

- The Committee reviews and provides recommendations to the Board on the following matters, where applicable:
- Annual operating plans, capital expenditure budgets, and any material changes to them.
 - Interim and annual declarations and distribution of dividends.
 - Changes in the Company’s share capital or equity.
 - Approval of the Company’s investor relations website framework and content (through which the Company communicates with its shareholders).

- The Company’s investment plans and strategies, including those related to expansion into new business sectors or geographic areas.
 - Any decision to stop operating all, or any material part, of the Company’s business operations.
 - Joint ventures, acquisitions, and investments, in line with the Company’s long-term business, financial, and operating plans.
 - Related financing agreements.
 - Changes in delegation levels as specified in the Authority Matrix.

Safety, Health, Environment, and Sustainability Committee

The Safety, Health, Environment, and Sustainability Committee held 3 meetings during the year 2025, and attendance was as follows:

	Name	First	Second	Third
		19 Feb 2025	12 May 2025	14 Jul 2025
1.	Michael Mannering	Attended	Attended	Attended
2.	Fahad Al Hadyani	Attended	Attended	Did not attend
3.	Franck Alary	Attended	Attended	Attended

Safety, Health, Environment, and Sustainability Committee Functions

- Setting long-term HSE and sustainability goals with the Executive Team, assessing progress against those goals, and reporting to the Board of Directors.
 - Advising the Executive Team on HSE issues that may affect Arabian Drilling’s business, performance, or reputation.
 - Developing strategic plans to maintain and improve health, safety, environment, and sustainability – creating value consistent with maintaining and enhancing the Company’s long-term value.
 - Providing recommendations to the Executive Team on economically, environmentally, and socially responsible business practices that are consistent with Arabian Drilling’s HSE objectives.
 - Monitoring HSE risk processes.
 - Overseeing the establishment of processes and systems necessary to ensure compliance with HSE policies, rules,
- and regulations; reviewing their ongoing effectiveness; and ensuring they are up to date.

Where applicable, the means relied upon by the Board of Directors to evaluate its performance and the performance of the Committees and its members, the third party that carried out the evaluation and its relationship with the Company, if any.

 - The Board of Directors and its Committees periodically conduct annual self-assessments by submitting reports from the Committees to the Board of Directors and discussing them at meetings.
 - The Nomination and Remuneration Committee conducted an evaluation of the Board and its Committees, and this evaluation was presented to the Board of Directors.

BOARD AND EXECUTIVE MANAGEMENT PROFILE

Names, Current and Previous Positions, Qualifications, and Experience of the Board of Directors, Members of the Board Committees, and the Names of Companies in which a Board Member of the Company works as a Board Member, both Inside and Outside





Dr. Muhammad Aldawood

Chairman of the Board of Directors, Chairman of the Executive Committee & NRC Member

Membership Status: Non-Executive

Academic and Professional Qualifications

- PhD in Management Science and Engineering, Stanford University (USA), 2013.
- Master's in Management Science and Engineering, Stanford University (USA), 2008.
- Bachelor's in Electrical Engineering, King Saud University (Saudi Arabia), 2005.

Current Positions

- Head of Industrials and Mining Section – MENA Investment Division, Public Investment Fund (PIF), 2017-present.

Current Membership in Boards and Committees

- Board and Executive Committee Member, Alkhorayef Petroleum Company (Closed Joint Stock Company), Non-Executive – Industrial.
- Chairman of the Board of Directors and Chairman of the Investment Committee (Non-Executive), The Saudi Industrial Investments Company (DUSSUR) (Closed Joint Stock Company) – Industrial investment.
- Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee (Non-Executive), ArcelorMittal Tubular Products Jubail (Closed Joint Stock Company) – Industrial.
- Member of the Board of Directors and Nomination and Remuneration NRCCommittee Member (Non-Executive), Al Bawani Holding Company (Closed Joint Stock Company) – Industrial.
- Executive Committee Board Member (Non-Executive), Zamil Offshore Services Company (Closed Joint Stock Company) – Industrial.
- Board Member, Executive Committee Member, and Chairman of the Nomination and Remuneration Committee (Non-Executive), Saudi Iron and Steel Company (Hadeed) (LLC) – Industrial.
- Board Member, Executive Committee Chairman, and and Nomination and Remuneration Committee Member (Non-Executive), Manara Minerals Investment Company (LLC) – Industrial.
- Chairman of the Board of Directors and Executive Committee Chairman (Non-Executive), Qassim Cement Company (Listed Joint Stock Company) – Industrial.
- Executive Committee Member (Non-Executive), Saudi Arabian Mining Co (Maaden) (Listed Joint Stock Company) – Industrial.
- Board Member (Non-Executive), Saudi Global Ports Company (Singapore) (LLC) – Logistics.
- Board Member (Non-Executive), Sapphire (SILZ) LLC (LLC) – Industrial.

Previous Professional Experience

- Consultant, Boston Consulting Group (BCG), 2015-2017.
- Analyst, Passport Capital, 2014-2015.
- Consultant / Business Development, Careem, 2013-2014.
- Consultant, Monitor Group, 2009.
- Research Fellow, Stanford University, 2008-2012.
- Lecturer – Financial Analysis, Statistics, and Decision Analysis, Stanford University, 2007-2013.



Jesus Lamas

Vice Chairman of the Board of Directors Executive Committee Member

Membership Status: Non-Executive

Academic and Professional Qualifications

- Master's in Oil and Gas Industry Management, Heriot-Watt University (UK), 2010.
- Bachelor's in Mechanical Engineering, Simon Bolivar University (Venezuela), 1995.

Current Positions

- President - Middle East and North Africa - SLB, April 2025 - present.

Previous Professional Experience - SLB - 28 Years

- President - Well Construction Division, 2020 - 2025, USA.
- President - Rig Performance Technologies, 2019 - 2020, USA.
- General Director - Mexico and Central America, 2016 - 2019, Mexico.
- Vice President - Latin America Drilling and Measurements, 2013 - 2016, Brazil.
- HR Director - Schlumberger Latin America, 2012 - 2013, Brazil.
- D&M Operations Manager - China, Japan, Korea and Taiwan, 2009 - 2011, China.
- High Volume Business Manager, 2008 - 2009, USA.
- D&M Sales Manager - Venezuela & The Caribbean, 2004 - 2008, Venezuela.
- Operations Manager, 2002 - 2004, Mexico.
- Field Engineer, 1998 - 2002, Multiple.



Adel Saleh J Al Ghadhban

Board Member, Executive Committee Member,
& Audit Committee Member

Membership Status: Non-Executive

Academic and Professional Qualifications

- Master of Science in Finance, University of Denver (USA), 1999.
- Bachelor of Business Administration (Finance), Washington State University (USA), 1996.

Current Positions

- Interim Chief Executive Officer, TAQA, June 2025-present.

Current Membership in Boards and Committees

- Vice Chairman and Chairman of the Investment Committee, Arabian Geophysical and Surveying Company (ARGAS(LLC)) – Geophysical and geological surveying for exploration, and mining services.
- Director, AZR Technologies (LLC) – Wireline and perforation services for the oil and gas sector.
- Board Member and Chairman of the Audit Committee, Special Oilfield Services Co LLC (SoS) (LLC) – Sale of industrial chemicals, manufacturing of iron and steel tube/pipe, services for petroleum and natural gas extraction activities.
- Chairman, TAQA Geothermal (LLC) – Geothermal resource development projects.

Previous Professional Experience - TAQA 19 Years

- Chief Investment Officer, TAQA, 2023-2025.
- Executive Vice President – Governance and Venture Management, TAQA, 2021-2023.
- Executive Vice President – Venture Management, TAQA, 2018-2020.
- Acting Chief Executive Officer, Jubail Energy Services Company (JESCO), 2012-2013.
- Vice President – Investment, TAQA, 2010-2017.
- Financial Advisor, TAQA, 2008-2010.
- General Manager – Finance and Administration, JESCO, 2006-2008.
- Chief Financial Officer – Healthcare, Saad Specialist Hospital, 2002-2006.
- Financial Analysis III – Treasury Department, Saudi Aramco, 1996-2002.



Adnan Ghabris

Board Member and Chairman of the NRC

Membership Status: Independent

Academic and Professional Qualifications

- Master of Chemical Engineering, Kuwait University (Kuwait), 1988.
- Bachelor of Chemical Engineering, Rutgers University (USA), 1983.

Current Membership in Boards and Committees

- Board Member, NIMR Well Services Qatar – Oil and gas services.
- Board Member and ExCom Chairman, AlKorayef Petroleum Services – Oil and gas services.
- Chairman of the Board of Directors and Founding Partner, Afkar Energy – Energy technology.

Previous Professional Experience

- Board Member, Coretrax Aberdeen representing Arab Petroleum Investment Corporation (APICORP), 2021-2024.
- Board Member, Petronash FZE, 2020-2024.
- Chairman of Middle East Operations, National Energy Services Reunited (NESR), 2018-2019.
- CEO and Managing Director, National Petroleum Services (NPS), 2008-2018.
- Vice President – Arabian Region and Integrated Project Management for Middle East, North Africa, and Asia, SLB, 1988-2008.



Alaa Dashash

Board Member

Membership Status: Non-Executive

Academic and Professional Qualifications

- M.B.A. – University of Strathclyde, Glasgow, UK (2015).
- B.Sc. in Petroleum Engineering – Louisiana State University, Baton Rouge, USA (2003).

Current Positions

- Industrialization & Energy Services Company (TAQA) – Executive Vice President, Ventures; Chief Investment Officer.

Previous Professional Experience

- Saudi Aramco – Engineering, Field Operations, and Administrative/Management roles (2003–2015).
- Business Development, Operations Management, Venture Management, Strategy, and Corporate Development, TAQA (Industrialization & Energy Services Company), 2015 – Present
- Board Member, Oliden Technology, 2019 – 2022
- Board Member, Arabian Drilling, 2017 – 2018
- Board Member, Air Liquide Arabia, 2016 – 2017



DR. Ghazi AlRawi

Board Member and Chairman of the Audit Committee

Membership Status: Independent

Academic and Professional Qualifications

- PhD in Electrical Engineering (Communications), Stanford University (USA), 2002.
- Master's in Management Science and Engineering (Finance and Investments), Stanford University (USA), 2001.
- Master's in Electrical Engineering (Communications), Stanford University (USA), 1998.
- Bachelor's in Electrical Engineering (Communications), King Abdulaziz University (Saudi Arabia), 1994.

Current Positions

- Founder and Chairman, Valuegate Investments.
- Owner and Director, Ithmar Taiba Dates Company.
- Board Chairman & Executive Committee Chairman Riyadh Airports Company (RAC)
- Board Member & Executive Committee Member Matarat Holding Company
- Board Member, Chairman of Audit Committee, and Executive Committee Member Qassim Cement Company (QCC)
- Board Member and Nomination & Remuneration Committee Member Rua Al Madinah Holding
- Board Member, NRC Member, and Board Risk Committee Member - Saudi Investment Bank (SAIB)
- Board Member and Chairman of Audit Committee Middle East Paper Company (MEPCO)
- Board of Trustees Member University of Prince Mugrin

Previous Professional Experience

- Board Member, Chairman of NRC, and Audit Committee Member Banque Saudi Fransi (BSF), Jan 2019 - Dec 2024
- Board Member - ASSIA (USA), Dec 2016 - Jun 2022
- Board Member & Chairman of Audit Committee Saudi Ports Authority, Oct 2018 - Aug 2021
- Founder and Managing Partner, Member of Board of Directors, Investment Committee Member, and Human Capital Committee Member, Eastgate Capital Group (NCB Capital DIFC), 2006 - 2015.
- Member of Board of Directors, Investment Committee Member, and Human Capital Committee Member, Sanabil Investments, 2009 - 2012.
- Consultant and Head of Corporate Initiative Management Office, National Commercial Bank (NCB), 2005 - 2006.
- Assistant Professor Electrical and Computer Engineering, King Abdulaziz University, 2004 - 2006.
- Consultant and Acting Head of Strategic Planning Unit, Saudi Capital Market Authority (CMA), 2004.
- Associate, McKinsey and Company, 2003 - 2004.
- Consultant and Member of Technical Staff, National Semiconductors (USA), 2001 - 2003.
- Consultant, Lucent Technologies (USA), 1998 - 1999.



Omar AlHusaini
Board Member and Executive Committee Member

Membership Status: Independent

Academic and Professional Qualifications

- M.S. in Petroleum Engineering – University of Kansas, Lawrence, USA.
- B.S. in Petroleum Engineering – King Fahd University of Petroleum & Minerals (KFUPM), Dhahran, Saudi Arabia.

Current Positions

- Retired (as of January 2025).

Previous Professional Experience

- Saudi Aramco – Senior Vice President, Drilling and Workover Organization.
- Saudi Aramco – Multiple senior leadership roles within Drilling and Workover Organization.



Ugo Prechner
Board member and Audit Committee Mmember

Membership Status: Non-Executive

Academic and Professional Qualifications

- Bachelor in Finance from Leeds Metropolitan University, UK – 1998.
- Diplome Grande Ecole in Finance from Ecole Superieure de Commerce, France - 1999.

Current Positions

- VP & Treasurer, Schlumberger Limited.

Previous Professional Experience

- VP & Controller, SLB – 2022-2025.
- Well Construction Controller, SLB – 2020-2022.
- Controller Operations, SLB – 2019-2020.
- M-I SWACO Controller, SLB – 2017-2019.



Tarek Rizk
Board, Executive Committee & NRC Member

Membership Status: Non-Executive

Academic and Professional Qualifications

- Bachelor of Electrical Engineering, Alexandria University (Egypt), 2000.

Current Positions

- Chief Performance Officer, 2025 - Present, USA.

Previous Professional Experience - SLB - 25 Years

- President Middle East & North Africa, 2020 - 2025, United Arab Emirates.
- President Drilling & Measurements, 2018 - 2020, United Kingdom.
- HR Director - Drilling Group, 2017 - 2018, United Kingdom.
- Wireline VP Middle East & Asia, 2016 - 2017, United Arab Emirates.
- Wireline VP for Russia and Caspian Region, 2015 - 2016, Russia.
- Operation Manager, 2012 - 2015, Norway.
- Product Champion, 2010 - 2012, France.
- Location Manager, 2006 - 2010, Saudi Arabia.
- WL Field Engineer / Field Service Manager, 2000 - 2006, Egypt / Malaysia / Libya.



Abdulmohsen Al Rayes
Member of the Audit Committee

Membership Status: Outside of the Board of Directors

Academic and Professional Qualifications

- Executive Education, Georgetown University School of Foreign Affairs (USA), 2011.
- Leadership Development Forum – Executive Education, Rice University (USA), 2010.
- Senior Executive Leadership Program, Columbia University (USA), 2009.
- Performance Improvement Consultant Certificate, International Society for Performance Improvement (USA), 2002.
- Human Resource Development Certificate, University of Minnesota (USA), 2001.
- Master's of Business Administration (MBA), King Fahd University of Petroleum and Minerals (Saudi Arabia), 1993.
- Bachelor's in Industrial Management, King Fahd University of Petroleum and Minerals (Saudi Arabia), 1989.

Current Positions

- Senior Control Advisor, NEOM Company, 2025-present.

Current Membership in Boards and Committees

- Member of the Audit Committee, Banque Saudi Fransi (BSF) Capital – Financial services.
- Member of the Audit Committee, BSF JB – Financial services.
- Chairman of the Audit Committee, Saudi Football Federation – Sports.
- Chairman of the Audit Committee, Riyadh Airports Company (RAC) – Aviation.

Previous Professional Experience

- Group Control Advisor, BSF, 2024-2025.
- Group Chief Audit Executive and Secretary of the Board Audit Committee, BSF, 2017-2024.
- Chief Audit Executive, Arab National Bank, 1998-2017.
- Head of International Recruitment, Saudi Industrial Development Fund, 1992-1997.
- Senior Retail Manager – Central Region, Saudi British Bank, 1982-1991.



Naseem Hasnain Haider

Member of the Audit Committee

Membership Status: Outside of the Board of Directors

Academic and Professional Qualifications

- MBA in Finance, 1983.
- CPA in Accounting, 1983.

Current Positions

- Chief Financial Officer, Algihaz Energy Holding, 2024-present.

Current Membership in Boards and Committees

- Board Member (Independent), Enshore Subsea Ltd (LLC) – Offshore cable laying.
- Director, Algihaz Energy Holding (LLC) – Holding company.
- Director, Algihaz Marine Contractors (LLC) – Transport and installation.
- Director, NMR Oil Well (LLC) – Oil well services.

Previous Professional Experience

- Chief Financial Officer, DUSSUR, 2020-2024.
- Finance Director, NESR, 2018-2020.
- Chief Financial Officer, NPS, 2008-2018.
- Chief Financial Officer, Horizon Terminals (ENOC), 2004-2008.
- Various roles, SLB, 1985-2004.



Moutaz Mashhour

Member of the NRC

Membership Status: Outside of the Board of Directors

Academic and Professional Qualifications

- Executive Education, Georgetown University School of Foreign Affairs (USA), 2011.
- Leadership Development Forum – Executive Education, Rice University (USA), 2010.
- Senior Executive Leadership Program, Columbia University (USA), 2009.
- Performance Improvement Consultant Certificate, International Society for Performance Improvement (USA), 2002.
- Human Resource Development Certificate, University of Minnesota (USA), 2001.
- Master's of Business Administration (MBA), King Fahd University of Petroleum and Minerals (Saudi Arabia), 1993.
- Bachelor's in Industrial Management, King Fahd University of Petroleum and Minerals (Saudi Arabia), 1989.

Current Positions

- Chief Human Resources Officer - Neo Space Group Jan 2024 - present.

Current Membership in Boards and Committees

- Secretary of Nomination and Remuneration Committee, TAQA (Closed Joint Stock Company) – Oilfield services and equipment.
- Member of Nomination and Remuneration Committee, ARGAS (Limited Liability Company) – Oil and gas.
- Board Member, TAQA Drilling Solutions Inc, (private company registered in Canada) – Oilfield services and equipment.
- Board Member, TAQA Well Services Company (formerly known as TAQA Single) (Single-Shareholder Limited Liability Company) – Oilfield services and equipment.
- Board Member, Fracking Operations and Energy Co for Oilfield Services (Sole Proprietorship Company with Limited Liability) – Oilfield services and equipment.

Previous Professional Experience

- Executive Vice President – Shared Services, TAQA, 2020-2024.
- Board Member, JESCO, 2020-2021.
- Head of Human Resources Department, Johns Hopkins Aramco Healthcare (JHAH), 2016-2020.
- Vice President – Industrial Relations, Yanbu Aramco Sinopec Refining Company Ltd (YASREF), 2013-2016.
- Secretary of Remunerations Committee, YASREF, 2013-2016.
- Director of Industrial Relations, Aramco Services Company (ASC), 2010-2013.
- Consultant on Human Resources Policies and to the Planning Department, Saudi Aramco, 2009-2010.
- Chairman of Off-Policies Matters Committee – Human Resources Policies and Planning Department, Saudi Aramco, 2009-2010.
- Director of Career Development – Training and Career Development Department, Saudi Aramco, 2008-2009.
- Interim Vice President of Human Resources (seconded from Saudi Aramco), King Abdullah University of Science and Technology (KAUST), 2007-2008.
- Leadership and development roles at Saudi Aramco (1990–2007): Head of Leadership Development, Competency Development Administrator, Performance Improvement Consultant, Competency Development Supervisor, plus Career Consultant and Instructor at the Advanced Industrial Training Center.
- Roles at Aramco Services Company (1996–1999): Industrial Relations Consultant and Supervisor of the Saudi Academic Unit.
- Early experience: Delivery Control Coordinator at Eastern Petrochemical Company (SHARQ) (1989) and military service in the Firefighting Corps, Civil Security Intervention Unit, Corsica (1980–1981).

Executive
Management





Fahad Albani
Chief Executive Officer

Appointment Date: 10 February 2026

Academic and Professional Qualifications

- Executive Development Program, IMD Business School, Switzerland, 2015.
- Bachelor Degree in Petroleum Engineering, King Saud University, Saudi Arabia, 1996.

Previous Professional Experience

- Vice President UR Reservoir Engineering, Drilling & Completion, Saudi Aramco (Saudi Arabia), January 2024 – May 2025.
- Manager Unconventional Gas Drilling, Saudi Aramco (Saudi Arabia), January 2017 - January 2024.
- Manager Exploration & Oil Drilling Engineering, Saudi Aramco (Saudi Arabia), January 2015 - January 2017.
- Manager Development Drilling & Offshore Workover, Saudi Aramco (Saudi Arabia), January 2013 - January 2015.
- Senior Drilling Engineer Consultant, Saudi Aramco (Saudi Arabia), January 2012 - January 2013.
- General Supervisor Drilling Engineering – Southern Area, Saudi Aramco (Saudi Arabia), January 2009 - January 2012.
- Superintendent Drilling Critical Operations, Saudi Aramco (Saudi Arabia), January 2008 - January 2009.
- Supervisor Drilling & Workover Engineering - Southern Area, Saudi Aramco (Saudi Arabia), January 2006 - January 2008.
- Principal Petroleum Engineer, Saudi Aramco (Saudi Arabia), January 2005 - January 2006.
- Senior Petroleum Engineer, Saudi Aramco (Saudi Arabia), January 2004 - January 2006.



Farid Mustafayev
Chief Financial Officer

Appointment Date: 1 October 2025

Academic and Professional Qualifications

- Masters in Economics, Finance and Credit, Azerbaijan State Economic University (Azerbaijan), 1997-1999.
- Bachelors in Economics, Finance and Credit, Azerbaijan State Economic University (Azerbaijan), 1993-1997.

Previous Professional Experience

- M&A Portfolio Manager, SLB (UK), June 2024 – September 2025.
- HR Director – Global Finance, SLB (UK), 2021-2024.
- Finance Director – Russia and Central Asia, Schlumberger (Russia), 2017-2021.
- Finance Director – Global Product Line, Well Services, Schlumberger (USA), 2015-2017.
- Finance Director – Saudi Arabia and Bahrain, Schlumberger (Saudi Arabia), 2012-2015.
- Financial Planning and Analysis Manager – Global Operations, Schlumberger (France), 2010-2012.
- Group Financial Controller, Schlumberger (Russia), 2009-2010.
- Deputy Finance Director – Petro Alliance, Schlumberger (Russia), 2008-2009.
- Finance Director – North Siberia Region, Schlumberger (Russia), 2007-2008.
- Product Line Operations Controller – REDA, Schlumberger (Russia), 2006-2007.
- Regional Consolidation and Reporting Manager, Schlumberger (Russia), 2005-2006.
- Management Accounting Team Supervisor, Schlumberger (Russia), 2004.
- Finance Manager Azerbaijan and Business Analyst Caspian Region, Schlumberger (Azerbaijan), 2001-2003.
- Chief Accountant, Hyatt Hotels Baku, 1999-2001.



Mikael Gren
Chief Operating Officer

Appointment Date: 22 June 2025

Academic and Professional Qualifications

- Masters in Management, Robert Gordon University, 2007.
- Marine Engineer, Marine Engineering School Faroe Islands, 1997.

Previous Professional Experience

- Global Director Operation Excellence, ADES (Saudi Arabia), February 2023 – June 2025).
- Director of Operations Europe – Harsh Environment, Seadrill (Norway), 2019-2023.
- Director of Operations – Middle East, Seadrill (Saudi Arabia), 2015-2019.
- Area Manager – Middle East, Transocean (Saudi Arabia), 2013-2015.
- Operations Manager, Transocean (India/Saudi Arabia), 2012-2013.
- Operations Manager – Asset, Transocean (India/Saudi Arabia), 2011-2012.
- Division Project and Maintenance Manager, Transocean (India/Saudi Arabia), 2011.
- Rig Manager Asset, Transocean (India), 2008-2011.
- Assistant Rig Manager, Transocean (Egypt/Morocco), 2007-2008.
- Maintenance Supervisor, Transocean (Brazil/Nigeria/Egypt), 2003-2007.
- Chief Mechanic/Hydraulic Technician, Transocean (Brazil/Nigeria/Ivory Coast), 2001-2003.
- Project Chief Mechanic, Transocean (South Africa), 2000-2001.
- Chief Mechanic/Hydraulic Technician, Transocean (Norway), 1998-2000.
- Motorman, Transocean (UK), 1997-1998.



Salwa Helal
Chief Supply Chain Officer

Appointment Date: 20 January 2023

Academic and Professional Qualifications

- Graduate diplomas in Management, Supply Chain, MIPP.
- Degree in Arts and Business Administration, American University Cairo (Egypt).
- Licensed Analyst of PI.

Previous Professional Experience

- Egyptian Drilling Company (EDC), 1990-2022.
- Chief Procurement Officer.
- Procurement and Logistics Manager.
- Purchasing and Logistics Controller.
- Head of Purchasing.
- Senior Purchaser.
- Senior Purchaser, AP Moller Maersk (USA).
- Purchaser and Logistics Specialist, EDC (Syria).
- Marketing Department – Sales and Contracts, 1990.
- Finance Department – Accounts Payable.



Sara Ali
Chief Human Resources & Digital Transformation Officer

Appointment Date: 21 April 2024

Academic and Professional Qualifications

- Bachelors in Business Administration, King Faisal University (Saudi Arabia).

Previous Professional Experience

- Global Functions HR Head, SLB (UK), 2020-2024.
- HR Services Manager, SLB (Bahrain), 2017-2020.
- Recruitment, Training and Development, SLB (Bahrain and Saudi Arabia), 2016-2017.
- Saudi Local Content and HR Manager, SLB (Bahrain), 2014-2016.
- Compensation and Benefits Analyst, SLB (Dubai), 2013-2014.
- Communications Manager for the Middle East, SLB (Dubai), 2011-2013.
- Public Relations and Internal Communications Specialist, SLB (Saudi Arabia), 2006-2009.
- Marketing Communications Officer, Olayan Group (Saudi Arabia), 2004-2006.



Zaurayze Tarique
Chief Commercial Officer

Appointment Date: 13 January 2026

Academic Qualifications:

- MBA in Finance from Rotterdam School of Management
- Bachelor of Science in Electrical Engineering from UET, Pakistan

Previous Professional Experience

- Chief Commercial Officer at Arabian Drilling
- Managing Director, SLB Pakistan & Yemen – led the business through economic challenges and achieved a strong financial turnaround
- Vice President, Supply Chain at SLB
- Vice President, Marketing & Technology at SLB
- Vice President, Global Operations at SLB
- Early career with SEDCO FOREX (starting in 1998), focusing on rig-related businesses
- Employed at Arabian Drilling from 2001 to 2005, managing land and offshore operations, shipyard upgrades, and rig construction portfolios
- Nearly 30 years in global energy services and drilling operations
- Expertise in driving growth, increasing profitability, and building resilient organizations

ENTERPRISE RISK MANAGEMENT

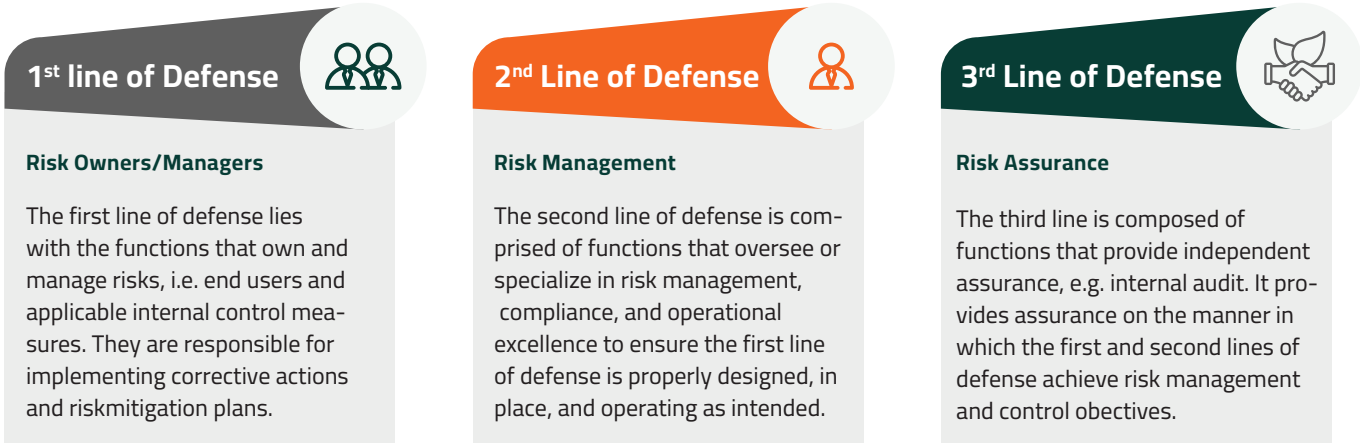
Arabian Drilling faces internal and external factors that may raise uncertainty around its ability to achieve its defined objectives during its business operations. The impact of this uncertainty on the Company’s objectives is a “Risk”.

We have a robust risk management function designed to protect the interests of all our key stakeholders – including shareholders, customers, employees, and suppliers – by managing risk in a manner that advances our strategy and safeguards our business. We have designed and deployed a comprehensive system to identify actual and potential threats that may affect our assets and operations locally and globally, and to manage them proactively and continuously.

The primary objective of our risk management function is to identify and assess all risks that may impact the achievement of Arabian Drilling’s business objectives – and to embed risk management practices into the Company’s decision-making process.

Three Lines of Defense (3LOD)

The Three Lines of Defense model distinguishes among three groups (or lines) involved in effective risk management. The first line of defense is the internal functions that own and manage risks. The second line of defense is the specialist functions established by management to oversee various risks and controls. The third line of defense is independent risk assurance. Each of these three lines plays a distinct role within the organization’s wider governance framework.



1st line of Defense: Risk Owners/Managers

The first line of defense lies with the functions that own and manage risks, i.e. end users and applicable internal control measures. They are responsible for implementing corrective actions and risk mitigation plans.

2nd line of Defense: Risk Management

The second line of defense is comprised of functions that oversee or specialize in risk management, compliance, and operational excellence to ensure the first line of defense is properly designed, in place, and operating as intended.

3rd line of Defense: Risk Assurance

The third line is composed of functions that provide independent assurance, e.g. internal audit. It provides assurance on the manner in which the first and second lines of defense achieve risk management and control objectives.

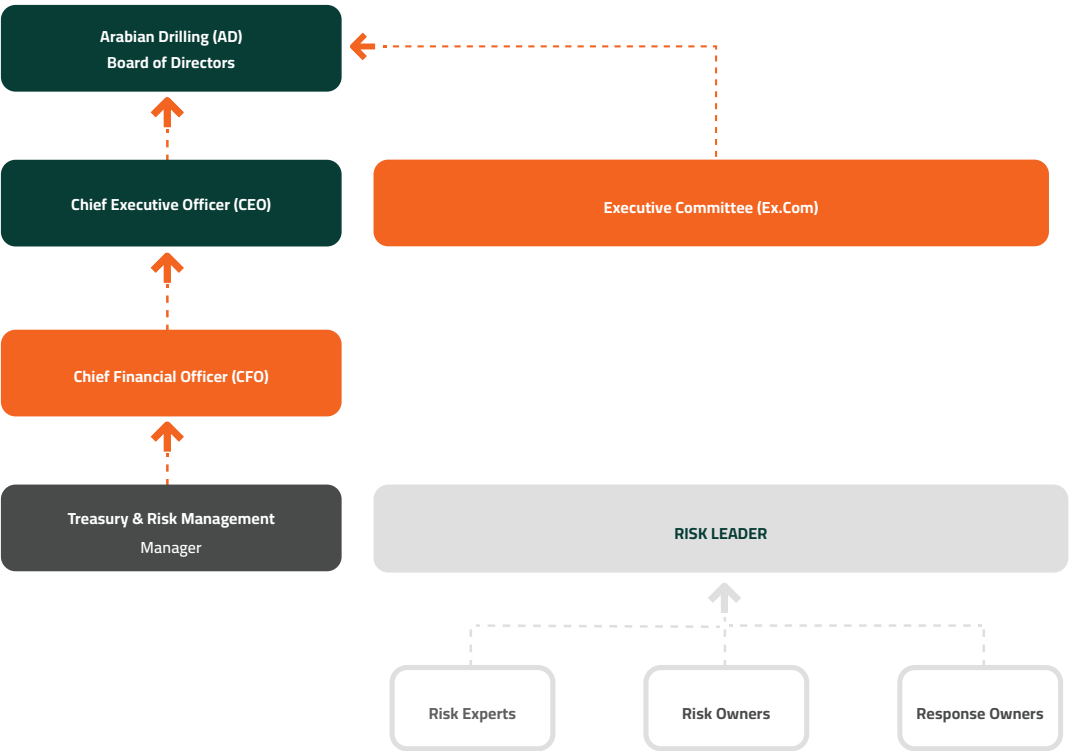
Risk Management Framework

Our robust Enterprise Risk Management (ERM) process has been developed based on the best practices, guidelines and principles of the 2017 Committee of Sponsoring Organizations (COSO) Framework. The ERM system plans, identifies, assesses, mitigates, monitors, and reports the risks that may limit the Company’s ability to achieve its objectives.



Governance Structure

Our ERM governance structure, Board roles and responsibilities, Executive Committee, and Risk Management Team are well defined in our risk management procedure.



Risk Management Process Classified as “Confidential”

Our risk management process is designed to follow six steps covering risk planning and identification, risk assessment, risk re-
sponse, control activities, information and communication, and monitoring.



Principal Risks

Risk	Description
Business resilience risk	Risks related to business continuity, operational resilience, crisis management, and disaster response.
ESG and sustainability risk	Risks related to environmental, social, and governance (ESG) practices and disclosures related to greenhouse gases and climate change.
Cybersecurity risk	Risks related to the impact of cyber attacks, data security, and technology system reliability.
Liquidity/cash flow risk	Risk related to the Company’s ability to generate sufficient cash to service its debt obligations and operations; this depends on many factors.
Corporate governance risk	Risk related to non-compliance with corporate governance regulations from the Capital Market Authority (CMA).
Investor relations and communications risk	Risk related to loss of Reputation, communications, and stakeholder relationships.
HSE regulatory risk	Risks related to non-compliance with health, safety, and environmental (HSE) laws and regulations.
Risk relating to operating safely	Risks related to accidents on any of the Company’s rigs, causing severe damage or injuries.
Human capital risk	Risks related to the Company’s inability to recruit and retain skilled personnel, promote diversity, and manage talent.
5 March 2025	Arabian Drilling announces its intention to publish FY 2024 results on Wednesday 12 March 2025
Supply chain risk	Risks related to dependence on third parties, distributors, manufacturers, and strategic partners.

Risk Mitigation Strategy

Arabian Drilling implements a comprehensive risk mitigation strategy grounded in the 4Ts framework: Treat, Tolerate, Transfer, and Terminate.



Continuous Improvement and Way Forward

The Company’s risk management function adopts a dynamic approach for continuous improvement in the risk management process. It focuses on three pillars that represent key areas of importance: People, Processes, and Technology (PPT). As part of this journey, we are undertaking the following initiatives, which reflect our commitment to embedding a culture of continuous improvement and leveraging technology to strengthen risk governance across the organization.

Risk Assessment Criteria Revamp

The Risk Team has undertaken a comprehensive revision of the Company’s risk assessment criteria to align with the standards and expectations of a publicly listed company. This ensures that our risk evaluation framework remains robust, relevant, and compliant with regulatory requirements.

Technology-driven Reporting

Looking ahead, the Risk Team is exploring ways to automate risk reporting through SAP Analytics Cloud (SAC). This initiative aims to:

- Develop interactive risk dashboards that provide real-time insights.
- Generate dynamic risk reports to support decision making and enhance transparency.

Risk Self-Assessment (RSA) Process

Arabian Drilling implements a systematic and structured Risk Self-Assessment (RSA) process to identify, assess, and continuously monitor both existing and emerging risks, as well as the effectiveness of related controls. The RSA methodology evaluates risks on both an inherent basis (pre-control) and a residual basis (post-control), enabling a clear understanding of the Company’s risk exposure and the adequacy of mitigating controls.

This process strengthens accountability by empowering business units to take ownership of their risks, while driving continuous improvement of the internal control environment and supporting informed decision-making across the organization. As of year-end 2025, Arabian Drilling has identified Six (6) Critical Risks and Twenty-Four (24) Significant Risks through the RSA process. These risks are formally consolidated and presented to senior management, ensuring appropriate oversight, timely review, and sustained leadership focus on the Company’s most material risk exposures.

Risk Self-Assessment (RSA) Process

- The identified risks span multiple categories that reflect the Company’s operating environment, strategic objectives, and regulatory landscape. Key risk categories include, but are not limited to, the following:

Strategic Risks

- Risks arising from market dynamics, long-term business strategy, competitive positioning, capital allocation decisions, and major investment or growth initiatives.

Operational Risks

- Risks related to drilling operations, asset reliability, project execution, supply chain disruptions, contractor performance, and operational efficiency.
- Health, Safety, Environment & Sustainability (HSE) Risks
- Risks associated with workforce safety, environmental incidents, regulatory compliance, and sustainability-related obligations inherent in offshore and onshore drilling operations.

Financial & Treasury Risks

- Risks relating to liquidity management, funding and refinancing, interest rate and market volatility, credit exposure, counterparty risk, and insurance coverage.

Regulatory & Compliance Risks

- Risks stemming from changes in laws and regulations, compliance with CMA, labor, Saudization, and contractual requirements, as well as governance and reporting obligations.

Technology & Cybersecurity Risks

- Risks related to information systems availability, data integrity, cybersecurity threats, and reliance on digital platforms supporting critical business processes.

SHAREHOLDER REGISTER AND DIVIDEND POLICY

Shareholders’ Register Requests: Dates and Reasons

The Shareholder register was requested nine times in 2025.

	Date	Reason
1.	2 January 2025	Company procedures
2.	3 March 2025	Company procedures
3.	16 March 2025	Profits file
4.	14 April 2025	Company procedures
5.	15 April 2025	Company procedures
6.	15 May 2025	General assembly
7.	30 June 2025	Company procedures
8.	19 August 2025	Company procedures
9.	14 October 2025	General assembly

A statement of the dates of the General Assemblies of shareholders held during the last fiscal year and the names of the Board Members attending these Assemblies.

During the fiscal year ending on 31 December 2025, shareholders were invited to two General Assemblies in the presence of the Board of Directors:

		Extraordinary General Assembly	Extraordinary General Assembly
	Board Member	28 May 2025	22 October 2025
1.	Khalid Mohammad Nouh (Chairman of the Board of Directors)	Attended	Attended
2.	Tarek Rizk (Vice Chairman of the Board of Directors)	Attended	Attended
3.	Waleed Abdullah Al-Mulhim	Attended	Attended
4.	Samir Seth	Attended	Attended
5.	Jesus Lamas Rios	Attended	Attended
6.	Khlood Abdulaziz Aldukheil	Attended	Attended
7.	Adnan Ghabris	Attended	Attended
8.	Michael Eric Mannering	Attended	Attended
9.	Vijay Kasibhatla	Attended	Attended

Description of the Company’s Dividend Distribution Policy

The Dividend Distribution Policy determines the mechanism by which the Company distributes dividends to its shareholders, as well as payment procedures.

Dividends are distributed in accordance with the Company’s Articles of Association and based on the approval of the General Assembly after the Board of Directors recommends the details of the profits and their distribution. Interim profits may be distributed to the Company’s shareholders in compliance with regulatory requirements and internal regulations.

Proposed method of distributing profit dividends

Distributed semi-annually after verifying the Company’s regulatory requirements and internal policies.

Dividend distribution data

- The percentage of profits distributed to shareholders during different periods of the fiscal year.
- The percentage of profits proposed to be distributed at the end of the fiscal year.
- The total of these profits.

Dividends distributed during the fiscal year ending 31 December 2025

Statement	Distributed Profit	Distribution Date	Due Date	Announcement Date	Distribution Method
Second half of 2024	﷼ 1.35	8 Apr 2025	13 Mar 2025	12 Mar 2025	Transfer to account

The total dividend per share amount distributed in the fiscal year 2025 was ﷼ 1.35.

Note: The Board has issued a recommendation to pause cash dividend payments to shareholders for 2025 due to recent changes in rig demand in Saudi Arabia, the Company’s ongoing CAPEX investments in its fleet, and its future regional expansion plans.. No dividend was paid for the first half of 2025. In addition, Subsequent to the financial year end, the Board of Directors recommended on 01/03/2026 not to distribute cash dividends for the second half of 2025.

The percentage of the profits proposed to be distributed at the end of the financial year and the total of these profit dividend payments. The percentage of profits proposed to be distributed depends on several factors, including the Company’s expected profits, cash flows, capital requirements, and available financing, as well as the prevailing market and economic conditions – in line with the Company’s Dividend Distribution Policy.

Details regarding any business activities that compete with the Company or its branches, undertaken by any current or former member of the Board of Directors, including the names of individuals involved, the nature of such businesses, and relevant conditions.

There are no competing businesses with the Company or any of the branches of activity it carries out, or that any member of the Board of Directors carries out or was carried out.

BOARD ENTITLEMENTS AND RELATED PARTY TRANSACTIONS

Entitlement of the Board of Directors for the year of 2025

Numbers are in ﷼

Previous Board of Directors

Independent Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Khlood Aldukheil	9,000.00	167,123.29	176,123.29
2.	Adnan Ghabris	9,000.00	167,123.29	176,123.29
3.	Michael Mannering	9,000.00	167,123.29	176,123.29
Non-Executive Members		Meeting Attendance Allowance	Remuneration Fee	Total
4.	Khalid Nouh	9,000.00	334,246.58	343,246.58
5.	Tarek Rizk	9,000.00	167,123.29	176,123.29
6.	Waleed Al-Mulhim	9,000.00	167,123.29	176,123.29
7.	Samir Seth	9,000.00	167,123.29	176,123.29
8.	Vijay Kasibhatla	9,000.00	167,123.29	176,123.29
9.	Jesus Lamas	9,000.00	167,123.29	176,123.29
Total		81,000.00	1,671,232.90	1,752,232.90

Current Board of Directors

Independent Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Omar Al Husaini	-	32,876.71	32,876.71
2.	Dr. Ghazi Al Rawi	3,000.00	32,876.71	35,876.71
3.	Adnan Ghabris	3,000.00	32,876.71	35,876.71
Non-Executive Members		Meeting Attendance Allowance	Remuneration Fee	Total
4.	Dr. Muhammad Aldawood	3,000.00	65,753.42	68,753.42
5.	Tarek Rizk	9,000.00	167,123.29	176,123.29
6.	Jesus Lamas	3,000.00	32,876.71	35,876.71
7.	Ugo Prechner	3,000.00	32,876.71	35,876.71
8.	Adel Al Ghadhban	3,000.00	32,876.71	35,876.71
9.	Alaa Dashash	3,000.00	32,876.71	35,876.71
Total		24,000.00	328,767.12	352,767.12

Committee Remuneration Statement

Numbers are in ﷼

Previous Executive Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Khalid Nouh	9,000.00	125,342.47	134,342.47
2.	Tarek Rizk	9,000.00	125,342.47	134,342.47
3.	Waleed Al-Mulhim	9,000.00	125,342.47	134,342.47
4.	Jesus Lamas	6,000.00	125,342.47	131,342.47
5.	Samir Seth	9,000.00	125,342.47	134,342.47
Total		42,000.00	626,712.35	668,712.35

Current Executive Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Dr. Muhammad Aldawood	6,000.00	23,013.70	29,013.70
2.	Jesus Lamas	6,000.00	23,013.70	29,013.70
3.	Adel Al Ghadhban	6,000.00	23,013.70	29,013.70
4.	Tarek Rizk	6,000.00	23,013.70	29,013.70
5.	Omar Al Husaini	–	23,013.70	23,013.70
Total		24,000.00	115,068.49	139,068.49

Previous Nominations and Remuneration Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Adnan Ghabris	12,000.00	125,342.47	137,342.47
2.	Jesus Lamas	6,000.00	125,342.47	131,342.47
3.	Moutaz Mashhour	12,000.00	125,342.47	137,342.47
Total		30,000.00	376,027.40	406,027.40

Current Nominations and Remuneration Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Dr. Muhammad Aldawood	3,000.00	23,013.70	26,013.70
2.	Adnan Ghabris	3,000.00	23,013.70	26,013.70
3.	Tarek Rizk	3,000.00	23,013.70	26,013.70
4.	Moataz Mashhour	3,000.00	23,013.70	26,013.70
Total		12,000.00	92,054.79	104,054.79

Previous Audit Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Khlood Aldukheil	15,000.00	125,342.47	140,342.47
2.	Vijay Kasibhatla	15,000.00	125,342.47	140,342.47
3.	Mustafa Abdul Latif	15,000.00	125,342.47	140,342.47
Total		45,000.00	376,027.40	421,027.40

Current Audit Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Adel Al Ghadhban	3,000.00	23,013.70	26,013.70
2.	Dr. Ghazi Al Rawi	3,000.00	23,013.70	26,013.70
3.	Ugo Prechner	3,000.00	23,013.70	26,013.70
4.	Abdulmohsen Al Rayes	3,000.00	23,013.70	26,013.70
5.	Naseem Haider	3,000.00	23,013.70	26,013.70
Total		15,000.00	115,068.49	130,068.49

Health, Safety, Environment Sustainability Committee

Members		Meeting Attendance Allowance	Remuneration Fee	Total
1.	Michael Mannering	9,000.00	125,342.47	134,342.47
2.	Fahad Al Hadyani	6,000.00	125,342.47	131,342.47
3.	Franck Alary	9,000.00	125,342.47	134,342.47
Total		24,000.00	376,027.41	400,027.41

2025 Annual Remuneration for Board and Committees		
In Saudi Riyals		
1.	Board of Directors	2,000,000.00
2.	Executive Committee	741,780.82
3.	Nomination & Remuneration Committee	468,082.19
4.	Audit Committee	491,095.89
5.	HSE&S Committee	376,027.40
Total		4,076,986.30
Payments to 5 Senior Executives including Chief Executive Officer and Chief Financial Officer		ﷲ 11,189,922.00*

Relationship between the granted rewards and the rewards policy.

There is no material deviation between the granted rewards and the applicable rewards policy.

A statement of any arrangements or agreements under which a member of the Company’s Board of Directors or a Senior Executive has waived any rewards.

There are no arrangements or agreements under which any member of the Board of Directors or a Senior Executive has waived any rewards.

A statement of any arrangements or agreements under which a member of the Company has waived any rights.

There are no arrangements or agreements under which any member of the Company has waived any rights during the year ended 31 December 2025.

A statement of the Board Members receiving any remuneration or consideration for technical, administrative, or consulting work.

The Company did not pay any remuneration or consideration to its Board Members for technical, administrative, or consulting work.

Details of the policies related to remunerations and the mechanisms for determining them and the amounts and financial and kind benefits paid to each member of the Board of Directors for any executive, technical, administrative, or consulting work.

The Board Members may receive an additional remuneration other than their position as Board Members in accordance with the provisions contained in the Company’s Articles of Association. These remunerations and benefits include financial benefits, in-kind benefits, and other benefits. The Board of Directors determines these remunerations and benefits based on the recommendations of the Nomination and Remuneration Committee and in accordance with applicable laws and regulations.

Description of Any Transaction Between the Company and Related Parties

The Company enters into contracts and agreements with related parties in the ordinary course of business and on an arm’s length basis. These transactions are subject to the approval of the Board of Directors and the General Assembly in accordance with the applicable laws and regulations. The Company discloses these transactions in its financial statements and reports in accordance with the relevant standards and their conditions.

Table: Related Party Transactions

Counter party to the agreement		Name of the directors who have direct or indirect interest in contracts	Amounts of transaction for the year ended 31 December 2025 in ﷲ	Letter Wordings
1.	The Company (as the customer) and AlMansoori Petroleum Services (as the service provider)	Adel Al-Ghadhban / Alaa Dashash	8,912,715	Transactions, on a purchase order basis, for equipment inspection services & supply of equipment rental agreement entered into between the Company and AlMansoori Petroleum Services, where Board Members, Adel Al-Ghadhban and Alaa Dashash have indirect interest as Directors at TAQA due to AlMansoori Petroleum Services being a subsidiary of TAQA, given the value of this agreement amounts to Saudi Riyals 8,912,715 in financial year ended 31 December 2025.
2.	The Industrialization and Energy Services Company (TAQA)	Adel Al-Ghadhban / Alaa Dashash	5,689,805	The Company entered into transactions on a purchaseorder basis with The Industrialization and Energy Services Company (“TAQA”) for the supply of technical services and supply of equipment, where Board Members Adel AlGhadhban and Alaa Dashash have indirect interests as Directors of TAQA, given the value of this agreement amounts to Saudi Riyals 5,689,805 in financial year ended 31 December 2025.
3.	The Company (as the client) with Western Geco Saudi Arabia (as the supplier)	Tarek Rizk / Jesus Lamas / Ugo Prechner	1,005,187	The transactions, on a purchase order basis, for supply of technical services entered into between the Company and WesternGeco Saudi Arabia, where Board Members, Tarek Rizk, Jesus Lamas Rios and Ugo Prechner have indirect interests as Directors at SLB due to WesternGeco Saudi Arabia being a subsidiary of SLB, given the value of the transactions related to such agreement amounting to Saudi Riyals 1,005,187 in financial year ended 31 December 2025.

4.	The Company (as the customer) and Cameron Al Rushaid Co. Ltd. (as the supplier)	Tarek Rizk / Jesus Lamas / Ugo Prechner	40,818,141	The transactions, on a purchase order basis, for supply of equipment and spare parts Agreement entered into between the Company and Cameron Al Rushaid Co. Ltd., where Board Members Tarek Rizk, Jesus Lamas Rios and Ugo Prechner have indirect interests as Directors at SLB due to Cameron Al Rushaid Co. Ltd. being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 40,818,141 in financial year ended 31 December 2025.
5.	The Company (as the customer) and Cameron Middle East Fze (as the supplier)	Tarek Rizk / Jesus Lamas / Ugo Prechner	20,819,195	The transactions, on a purchase order basis, for supply of equipment and spare parts Agreement entered into between the Company and Cameron Middle East Fze, where Board Members Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as Directors at SLB due to Cameron Middle East Fze being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 20,819,195 in financial year ended 31 December 2025.
6.	The Company (as the customer) and Cameron France, S.A.S (as the supplier)	Tarek Rizk / Jesus Lamas / Ugo Prechner	11,067,888	The transactions, on a purchase order basis, for supply of equipment and spare parts Agreement entered into between the Company and Cameron France, S.A.S, where Board Members Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as Directors at SLB due to Cameron France, S.A.S being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 11,067,888 in financial year ended 31 December 2025.
7.	The Company (as the customer) and SLB Kristiansand AS(as the supplier)	Tarek Rizk / Jesus Lamas / Ugo Prechner	9,103,218	The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and SLB Kristiansand A.S., where Board Members Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as Directors at SLB due to SLB Kristiansand A.S. being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 9,103,218 in financial year ended 31 December 2025.

8.	The Company (as the client) with Schlumberger Rig Technology Inc. (as the service provider)	Tarek Rizk / Jesus Lamas / Ugo Prechner	1,974,966	The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and Schlumberger Rig Technology Inc, where Board Members Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as Directors at SLB due to Schlumberger Rig Technology Inc being a subsidiary of SLB,given the value of this agreement amounts to Saudi Riyals 1,974,966 in financial year ended 31 December 2025.
9.	The Company (as the service provider) with Schlumberger Middle East S.A. (as the customer)	Tarek Rizk / Jesus Lamas / Ugo Prechner	589,551,331	The Contract for Onshore Drilling Rig (Day Rate Contract for Rigs AD41, 42, 43, 46, 55, 56, 59,64, 65, 66 and 67) entered into between the Company and Schlumberger Middle East S.A., where Board Members, Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as Directors at SLB due to Schlumberger Middle East S.A. being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 589,551,331 in financial year ended 31 December 2025.
10.	The Company (as the client) with Schlumberger Middle East S.A. (as the service provider)	Tarek Rizk / Jesus Lamas / Ugo Prechner	4,737,713	The Master Secondment Agreement entered into between the Company and Schlumberger Middle East S.A. “Schlumberger”, where Board Members, Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as Directors at SLB due to Schlumberger Middle East S.A being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 4,737,713 in financial year ended 31 December 2025.
11.	The Company (as the client) with Schlumberger Middle East S.A. (as the service provider)	Tarek Rizk / Jesus Lamas / Ugo Prechner	2,716,875	The transactions, on a purchase order basis, for supply of equipment and spare parts Agreement entered into between the Company and Schlumberger Middle East S.A. “Schlumberger”, where Board Members Tarek Rizk, Ugo Prechner and Jesus Lamas Rios have indirect interests as the Directors at SLB due to Schlumberger Middle East S.A being a subsidiary of SLB, given the value of this agreement amounts to Saudi Riyals 2,716,875 in financial year ended 31 December 2025.

FINANCIAL PERFORMANCE AND SHARE ACTIVITIES

﷼ in thousands	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited
Property and equipment	5,562,212	5,258,884	6,490,621	7,737,835	8,709,983	8,404,841
Intangible assets	11,132	5,518	-	-	50,611	65,036
Right-of-use assets	4,756	1,792	199,263	131,836	65,127	40,093
Long-term deposits	-	-	-	16,200	16,200	-
Mobilization cost	4,972	2,385	15,027	-	-	-
Derivative financial instrument	-	-	-	-	6,420	2,285
Total non-current assets	5,583,072	5,268,579	6,704,911	7,885,871	8,848,341	8,512,255
Inventories	157,930	143,329	172,541	279,741	308,671	283,090
Trade and other receivables	522,540	701,043	825,059	1,072,329	779,581	662,710
Advance income tax	7,372	9,269	-	-	10,652	-
Mobilization cost	20,538	2,587	6,733	-	-	-
Derivative financial instrument	-	-	378	-	-	-
Short-term deposits	170,000	-	1,000,000	-	-	8,100
Cash and cash equivalents	469,521	411,621	832,025	1,435,421	581,807	595,247
Non-current assets held for sale	11,037	7,793	12,402	13,111	5,789	28,003
Total current assets	1,358,938	1,275,642	2,849,138	2,800,603	1,686,500	1,577,150
Total assets	6,942,010	6,544,221	9,554,049	10,686,474	10,534,841	10,089,404
Share capital	22,580	22,580	890,000	890,000	890,000	890,000
Share premium	-	-	790,676	790,676	790,676	790,676
Additional paid-in capital	97,421	97,421	-	-	-	-

﷼ in thousands	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited
Statutory reserve	18,884	18,884	267,000	267,000	267,000	-
Fair value of cash flow hedge	-15,133	-4,441	-	-	6,420	2,285
Total equity	3,912,167	4,191,769	5,589,825	5,961,421	5,938,185	5,745,933
Long-term Murabaha borrowings	1,377,434	835,618	2,481,139	2,885,626	2,672,513	2,652,403
Lease liabilities	1,810	-	136,014	67,892	4,114	4,658
Employee benefit obligations	252,653	250,966	273,216	304,407	326,804	302,960
Mobilization revenue	14,424	5,965	115,614	211,516	112,889	77,593
Deferred tax liability	178,227	207,377	148,799	164,135	184,297	190,828
Trade payables	38,381	15,190	-	-	-	-
Fair value of cash flow hedge	15,133	4,441	-	-	-	-
Total non-current liabilities	1,878,062	1,319,557	3,154,782	3,633,576	3,300,618	3,228,442
Trade payables and other payables	462,537	456,551	584,811	729,393	878,013	669,436
Current portion of long-term Murabaha borrowings	639,623	545,473	46,460	168,470	282,428	344,641
Current portion of lease liabilities	3,029	1,847	63,806	67,168	63,778	36,046
Mobilization revenue	36,539	8,459	60,217	94,314	66,140	54,624
Zakat payable	10,053	20,565	54,148	32,132	5,678	10,283
Total current liabilities	1,151,781	1,032,895	809,442	1,091,477	1,296,038	1,115,029
Total liabilities	3,029,843	2,352,452	3,964,224	4,725,052	4,596,656	4,343,472
Total equity and liabilities	6,942,010	6,544,221	9,554,049	10,686,474	10,534,841	10,089,404

﷼ in 000s	2023 Audited	2024 Audited	2025 Audited
Revenue	3,476,524	3,618,818	3,433,327
Cost of revenues	(2,500,620)	(2,858,918)	(3,059,255)
Gross profit	975,904	759,900	374,072
Impairment losses on financial assets, net	(620)	(1,156)	57
General and administrative expenses	(181,120)	(204,695)	(224,662)
Other operating income – net	7,069	11,484	18,833
Operating profit	801,233	565,533	168,299
Financial costs	(160,882)	(229,127)	(219,810)
Financial income	47,596	21,614	3,723
Financial costs - net	(113,286)	(207,513)	(216,087)
Share of profit of a subsidiary	-	-	-
Profit before zakat and income tax	687,947	358,020	(47,788)
Zakat expense	(28,273)	(4,974)	(6,833)
Income tax expense	(55,060)	(31,681)	(20,630)
Profit for the year	604,614	321,365	(75,250)
Other comprehensive (loss) income for the year	-	-	-
Item that may be reclassified to profit or loss	-	-	-
Cash flow hedges	-	6,420	(4,135)
Remeasurements of employee benefit obligations	(8,425)	(6,652)	7,820
Deferred tax impact	578	456	(536)
Other comprehensive loss / income for the year	(7,847)	224	3,148
Total comprehensive income for the year	596,767	321,589	(72,102)

Differences from the Accounting Standards Issued by the Saudi Organization for Certified Public Accountants (SOCPA)

As stated in the external Auditor’s report, Arabian Drilling’s consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), rather than the standards endorsed in the Kingdom of Saudi Arabia. Accordingly, Arabian Drilling affirms that there is no material difference or financial impact for preparing the same according to IFRS rather than the standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Share and Debt Instruments Activities

For the period ended on 31 December 2025, there are debt instruments issued by the Company.

All amounts in ﷲ	2023 Audited	2024 Audited	2025 Audited
Murabaha borrowings	999,984,900	899,984,900	937,408,835
Sukuks	2,000,000,000	2,000,000,000	2,000,000,000
Add: accrued finance costs	68,469,771	64,780,863	64,924,934
Subtotal	3,068,454,671	2,964,765,763	3,002,333,769
Less: unamortized transaction cost	(14,359,022)	(9,824,594)	(5,290,166)
Subtotal	3,054,095,649	2,954,941,169	2,997,043,603
Long-term borrowings are presented as follows:			
Current maturity under current liabilities	168,469,771	282,427,922	344,640,958
Non-current portion	2,885,625,878	2,672,513,247	2,652,402,645
Subtotal	3,054,095,649	2,954,941,169	2,997,043,603

As of 31 December 2025, the Company’s gross debt amounted to ﷲ 3,038 million, including lease liabilities. This total consists of ﷲ 2,937 million in principal due and ﷲ 65 million in accrued interest costs, net of unamortized transaction costs. Further details regarding the ﷲ 2,937 million principal due are outlined below.

Elements	Principal (ﷲ million)	Name Lender	Repaid during the Year (ﷲ million)	Term	Outstanding Amount (ﷲ million)	Other Info
Sukuk	2,000	Private Placement	-	5 Years	2,000	Bullet payment due in February 2027
Bank Loan	500	SNB	100	5 Years	300	Quarterly repayment
Bank Loan	500	BSF	147	5 Years	353	Quarterly repayment
Bank Loan	300	BSF	16	5 Years	284	Monthly repayment
Lease Liability	N/A	Various	68	4 Years	41	Mainly the charter lease for 1 offshore rig

CAPITAL, INVESTMENTS, AND EM-
PLOYEE RESERVES

Share Capital, Share Premium, and Additional Paid-In Capital

As of 31 December 2025, the share capital of the Company comprised of 89,000,000 shares at a nominal value of ﷲ 10 per share (31 December 2024: 89,000,000 shares at a nominal value of ﷲ 10 per share).
A statement of the amount of statutory payments paid and those due for the payment of any Zakat, taxes, fees, or other outstanding obligations that have not been settled by the end of the financial year, along with a brief description and an explanation of the reasons for non-payment

Item	2025		Remarks
	Paid (ﷲ full value)	Current Year Charge Not Paid	
Zakat	5,455,125	7,055,328	Regulatory requirement. FY 2025 charge will be paid in April 2026
Tax	5,976,834	3,227,311	Regulatory requirement. FY 2025 charge will be paid in April 2026
GOSI	82,950,630	7,011,436	Regulatory requirement. FY 2025 charge will be paid in April 2026
Visa, Passport, and labor fees	22,829,074	-	Regulatory requirement

DECLARATIONS OF THE BOARD OF DIRECTORS

The Board of Directors declares the following:

- 1. The account records have been properly prepared.
- 2. The internal controlling system was prepared on sound foundations and implemented effectively.
- 3. There is no significant doubt about the Company’s ability to continue its activities. The Company remains committed to maintaining and expanding its business activities.
- 4. There is no conflict between any recommendations of the Audit Committee and the decisions of the Board of Directors, and there are no recommendations of the Audit Committee that the Board refused to consider regarding the appointment and dismissal of the Company’s auditor, determining their fees, evaluating their performance, or appointing the internal auditor.
- 5. There is no penalty, fine, or precautionary legal restriction imposed on any member of the Board of Directors from any judicial, supervisory, or regulatory authority in relation to the Company.
- 6. There are major shareholders in the Company, namely The Industrialization and Energy Services Company (TAQA), which owns 35.7% of the Company’s shares, and Schlumberger, which owns 34.3% of the Company’s shares as well as the public who put its trust in the company to invest 30% on the company shares.
- 7. The auditor’s report does not include reservations regarding the annual financial statements.



**Arabian Drilling Company
(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025
With Independent Auditor's Report**



Independent auditor’s report to the shareholders of Arabian Drilling Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arabian Drilling Company (the “Company”) and its subsidiary (together the “Group”) as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code’s requirements.

Our audit approach

Overview

Key Audit Matter Impairment assessment of property, plant and equipment and right-of-use assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



Independent auditor’s report to the shareholders of Arabian Drilling Company (continued)

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of property, plant and equipment and right-of-use assets As at 31 December 2025, the Group has property, plant and equipment and right-of-use assets with carrying amounts of Saudi Riyals 8.4 billion and Saudi Riyals 40.1 million, respectively, (collectively referred to as “non-current assets”), net of impairment losses amounting to Saudi Riyals 219.3 million relating to property, plant and equipment (31 December 2024: Saudi Riyals 105.0 million). At each reporting date, management assesses whether there are any events or changes in circumstances (“impairment indicators”) which may indicate that the carrying amount of the non-current assets may not be recoverable. If any impairment indicators are identified, management performs a detailed impairment assessment. This entails (i) identifying cash generating units (CGUs) where a CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets; and (ii) calculating the recoverable amounts of the CGUs, on which impairment indicators are identified and comparing them against their carrying amounts. Based on their assessment, management has concluded that each rig constitutes a single CGU.	Our audit procedures included the following: • Evaluated the design and implementation of key controls over the impairment assessment process comprising of identification of the CGUs, identification of impairment indicators and estimation of the CGUs’ recoverable amounts. • Assessed management’s identification of impairment indicators, including the conclusions reached. • Evaluated the reasonableness of management’s assumptions and estimates used to determine the recoverable amounts of the CGUs where impairment indicators have been identified. This included: i. Assessing the appropriateness of the methodology used by management to estimate the value-in-use or fair value less cost to sell of the CGUs; ii. For value-in-use, checking the accuracy and appropriateness of the input data used by management in the discounted cash flow model by tracing to supporting documentation, such as the approved business plans. We tested the reasonableness of the business plans by, in addition to other procedures, comparing them to historical results (including growth rates and the period for which rigs remain suspended prior to resumption of their contracts) and signed contracts;



Independent auditor’s report to the shareholders of Arabian Drilling Company (continued)

Our audit approach (continued)

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of property, plant and equipment and right-of-use assets During 2025, impairment indicators were identified by management with respect to certain rigs and accordingly, management performed a detailed impairment assessment for such CGUs. In determining the recoverable amount of these CGUs, management estimated, based on applicable circumstances, their value-in-use or fair value less cost to sell. The value-in-use of rigs is based on the business plans as approved by the Company’s Board of Directors which reflect management’s view of the external market conditions and certain key internal variables including the estimation of appropriate growth and discount rates. For fair value less cost to sell, management engaged an external expert to determine the fair value of the rigs which was based on the market approach. Management has concluded that the recoverable amounts of three CGUs tested for impairment, were lower than their carrying amounts, and accordingly, an impairment loss of Saudi Riyals 114.3 million was recorded during the year ended 31 December 2025. Management determined that the recoverable amounts of the other CGUs tested for impairment, were higher than their carrying amounts, and accordingly, there was no impairment loss on such CGUs as at 31 December 2025. We considered this as a key audit matter as the assessment of the recoverable amounts of the CGUs requires estimation primarily around future economic and market conditions mainly relating to the timing of resumption of suspended and terminated drilling contracts, growth and discount rates. Refer to Note 3.12 to the consolidated financial statements for the accounting policy relating to the impairment of non-financial assets, Note 2.2 for the disclosure of critical accounting judgments and estimates and Note 4.1; 4.2 and 4.3 for the disclosure of matters related to impairment considerations of the CGUs.	iii. Engaging our internal valuation experts to assess the reasonableness of the valuation methodology and the key assumptions for fair value less cost to sell and to assess the reasonableness of the discount rate used in the discounted cash flow model to calculate the value-in-use; and iv. Testing the mathematical accuracy of the underlying calculations used in the discounted cash flow model to calculate the value-in-use. - Assessing the potential impact of a range of possible outcomes by performing sensitivity analyses over key assumptions in the discounted cash flow model used to calculate the value-in-use. - Assessing the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.



Independent auditor’s report to the shareholders of Arabian Drilling Company (continued)

Other information

The directors are responsible for the other information. The other information comprises the Group’s 2025 Annual Report but does not include the consolidated financial statements and our auditor’s report thereon, which is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group’s 2025 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company’s By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control



Independent auditor’s report to the shareholders of Arabian Drilling Company (continued)

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers



Waleed Alhidiri
License Number 559

2 March 2026

Arabian Drilling Company
(A Saudi Joint Stock Company)

Consolidated statement of financial position
 (All amounts in Saudi Riyals unless otherwise stated)

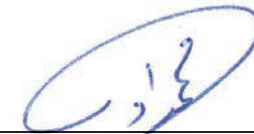
		As at 31 December	
	Note	2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,404,840,576	8,709,983,089
Intangible asset	5	65,036,118	50,611,327
Long-term deposits		-	16,200,000
Right-of-use assets	6.1	40,093,201	65,126,615
Derivative financial instrument	25.4	2,284,765	6,419,826
Total non-current assets		8,512,254,660	8,848,340,857
Current assets			
Inventories	7	283,090,028	308,671,459
Trade and other receivables	8	662,709,670	779,580,932
Short-term deposits	6.4	8,100,000	-
Income tax refundable	21	-	10,651,614
Cash and cash equivalents	9	595,247,139	581,806,531
		1,549,146,837	1,680,710,536
Assets held for sale	10	28,002,966	5,789,201
Total current assets		1,577,149,803	1,686,499,737
Total assets		10,089,404,463	10,534,840,594
EQUITY AND LIABILITIES			
Equity			
Share capital	11	890,000,000	890,000,000
Share premium		790,675,825	790,675,825
Statutory reserve	12	-	267,000,000
Cash flow hedge reserve		2,284,765	6,419,826
Retained earnings		4,062,972,298	3,984,089,284
Total equity		5,745,932,888	5,938,184,935
Liabilities			
Non-current liabilities			
Long-term borrowings	13	2,652,402,645	2,672,513,247
Lease liabilities	6.2	4,658,107	4,114,021
Employees' benefit obligations	14	302,960,255	326,804,258
Mobilization revenue	16.2	77,593,207	112,889,224
Deferred tax liabilities	21	190,828,152	184,297,340
Total non-current liabilities		3,228,442,366	3,300,618,090

(continued)

Arabian Drilling Company
(A Saudi Joint Stock Company)

Consolidated statement of financial position (continued)
 (All amounts in Saudi Riyals unless otherwise stated)

		As at 31 December	
	Note	2025	2024
Current liabilities			
Trade and other payables	15	669,436,212	878,012,947
Current portion of long-term borrowings	13	344,640,958	282,427,922
Current portion of lease liabilities	6.2	36,045,641	63,778,335
Mobilization revenue	16.2	54,623,759	66,140,447
Provision for zakat and income tax	21	10,282,639	5,677,918
Total current liabilities		1,115,029,209	1,296,037,569
Total liabilities		4,343,471,575	4,596,655,659
Total equity and liabilities		10,089,404,463	10,534,840,594



Muhammad AlDawood
 (Chairman)



Fahad bin Abdullah Albani
 (Chief Executive Officer)



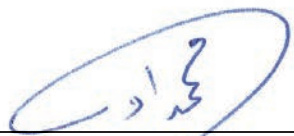
Farid Mustafayev
 (Chief Financial Officer)

The accompanying notes 1 through 29 form an integral part of these consolidated financial statements.

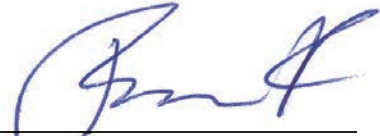
Arabian Drilling Company
(A Saudi Joint Stock Company)

Consolidated statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

For the year ended 31 December		
Note	2025	2024
Revenue	16 3,433,327,363	3,618,817,503
Cost of revenue	17 (3,059,255,104)	(2,858,917,817)
Gross profit	374,072,259	759,899,686
Expected credit loss reversal / (allowance) on financial assets	8 56,687	(1,155,730)
General and administrative expenses	18 (224,662,482)	(204,694,843)
Other gains - net	19 18,832,653	11,483,783
	168,299,117	565,532,896
Finance cost	20 (219,809,664)	(229,126,894)
Finance income	3,722,861	21,613,634
Finance cost - net	(216,086,803)	(207,513,260)
(Loss) / profit before zakat and income tax	(47,787,686)	358,019,636
Zakat expense	21 (6,832,535)	(4,973,767)
Income tax expense	21 (20,630,110)	(31,681,132)
(Loss) / profit for the year	(75,250,331)	321,364,737
Other comprehensive income		
Items that may be reclassified to profit or loss		
Change in fair value of cash flow hedge	(4,135,061)	6,419,826
Items that will not be reclassified to profit or loss		
Remeasurements of employee benefit obligations	14 7,819,782	(6,652,271)
Impact of deferred tax	21 (536,437)	456,346
	7,283,345	(6,195,925)
Other comprehensive income for the year	3,148,284	223,901
Total comprehensive (loss) / income for the year	(72,102,047)	321,588,638
(Loss) / earnings per share (Saudi Riyals)		
Basic and diluted	23 (0.85)	3.61


Muhammad AlDawood
(Chairman)


Fahad bin Abdullah Albani
(Chief Executive Officer)


Farid Mustafayev
(Chief Financial Officer)

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Arabian Drilling Company
(A Saudi Joint Stock Company)

Consolidated statement of changes of in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Cash flow hedge reserve	Retained earnings	Total
As at 1 January 2024	890,000,000	790,675,825	267,000,000	-	4,013,745,577	5,961,421,402
Profit for the year	-	-	-	-	321,364,737	321,364,737
Other comprehensive income for the year	-	-	-	6,419,826	(6,195,925)	223,901
Total comprehensive income for the year	-	-	-	6,419,826	315,168,812	321,588,638
Dividends (Note 27)	-	-	-	-	(344,825,105)	(344,825,105)
As at 31 December 2024	890,000,000	790,675,825	267,000,000	6,419,826	3,984,089,284	5,938,184,935
As at 1 January 2025	890,000,000	790,675,825	267,000,000	6,419,826	3,984,089,284	5,938,184,935
Loss for the year	-	-	-	-	(75,250,331)	(75,250,331)
Other comprehensive (loss) / income for the year	-	-	-	(4,135,061)	7,283,345	3,148,284
Total comprehensive loss	-	-	-	(4,135,061)	7,283,345	3,148,284
Dividends (Note 27)	-	-	-	-	(120,150,000)	(120,150,000)
Transfer of statutory reserve (Note 12)	-	-	(267,000,000)	-	267,000,000	-
As at 31 December 2025	890,000,000	790,675,825	-	2,284,765	4,062,972,298	5,745,932,888

Muhammed AlDawood
(Chairman)

Fahad bin Abdullah Albani
(Chief Executive Officer)

Farid Mustafayev
(Chief Financial Officer)

The accompanying notes 1 through 29 form an integral part of these consolidated financial statements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Consolidated statement of cash flows

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Cash flows from operating activities			
(Loss) / profit before zakat and income tax		(47,787,686)	358,019,636
<u>Adjustment for:</u>			
Depreciation on property, plant and equipment	4	880,186,365	770,875,896
Depreciation on right-of-use assets	6.1	65,904,589	66,709,028
	4.2;		
Impairment of property, plant and equipment	4.3	114,349,224	105,000,000
Amortization of intangible asset	5	11,534,979	-
(Reversal of) / provision for slow moving inventories	7	(8,362,143)	2,071,414
Income from insurance claim	19	(7,121,089)	-
Expected credit loss reversal / (allowance) on financial assets	8	(56,687)	1,155,730
Impairment / (reversal) on assets held for sale		172,816	(3,791,407)
Provision for employee benefit obligations	14	41,536,080	47,800,608
Gain on disposal of non-current assets held for sale	19	(7,622,737)	-
Amortization of mobilization cost	17.1	31,937,582	31,847,652
Amortization of mobilization revenue	16.2	(104,648,549)	(146,714,147)
Finance cost	20	219,809,664	229,126,894
Finance income		(3,722,861)	(21,613,634)
		1,186,109,547	1,440,487,670
<u>Changes in working capital</u>			
Inventories		33,943,574	(31,001,443)
Trade and other receivables		125,902,535	288,624,808
Trade and other payables		(208,771,221)	148,619,462
Mobilization cost paid	17.1	(16,793,511)	(72,932,691)
Mobilization revenue received, net	16.2	42,691,773	60,999,375
Cash generated from operations		1,163,082,697	1,834,797,181
Zakat and income tax paid	21	(6,211,935)	(53,141,586)
Employees' benefit obligation paid	14	(57,560,301)	(32,055,638)
Net cash generated from operating activities		1,099,310,461	1,749,599,957
Cash flows from investing activities			
Additions to property, plant and equipment	4	(719,957,682)	(1,859,694,479)
Additions to intangible asset	5	(25,959,770)	(50,611,327)
Proceeds from disposal of assets held for sale		20,692,904	22,783,584
Insurance proceeds received		6,246,503	-
Finance income received		3,521,124	23,911,668
Net cash used in investing activities		(715,456,921)	(1,863,610,554)

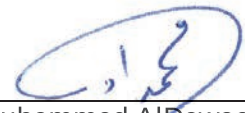
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Arabian Drilling Company
(A Saudi Joint Stock Company)

Consolidated statement of cash flows (continued)

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Cash flows from financing activities			
Proceeds from long-term borrowings	13	300,000,000	-
Repayment of long-term borrowings	13	(262,576,065)	(100,000,000)
Principal element of lease payments	6.2	(68,059,783)	(67,167,738)
Finance cost paid		(219,821,570)	(227,611,498)
Dividends paid	27	(119,955,514)	(344,825,105)
Net cash used in financing activities		(370,412,932)	(739,604,341)
Net change in cash and cash equivalents		13,440,608	(853,614,938)
Cash and cash equivalents at the beginning of the year		581,806,531	1,435,421,469
Cash and cash equivalents at the end of the year	9	595,247,139	581,806,531
Non-cash investing and financing activities			
Transfers from property, plant and equipment to assets held for sale	4	30,564,606	11,670,377
Transfers from inventories to assets held for sale	10	4,892,142	-
Transfer of statutory reserve to retained earnings	12	267,000,000	-
Recognition of lease liabilities and corresponding right-of-use assets	6	5,036,858	-
Recognition of the lease remeasurement and corresponding right-of-use assets	6	35,834,317	-
Accruals against liquidated damages	16.2	-	61,813,125


 Muhammad Al-Dawood
 (Chairman)


 Fahad bin Abdullah Albani
 (Chief Executive Officer)


 Farid Mustafayev
 (Chief Financial Officer)

The accompanying notes 1 through 29 form an integral part of these consolidated financial statements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. General information

Arabian Drilling Company (the “Company” or “ADC”) and its wholly owned subsidiary, Ofsat Arabia LLC (“Ofsat”), collectively the “Group” are principally engaged in the drilling of oil and natural gas wells, operations, maintenance and hauling of rigs and related activities.

The Company is a Saudi Joint Stock Company licensed under foreign investment license number 2031047241 issued by the Ministry of Investment on 18 Dhu-al-Hijja 1424H (corresponding to 13 December 2003G) and operating under commercial registration number 2051026089 issued in Dammam on 3 Safar 1423H (corresponding to 16 April 2002G). The registered address of the Company is P.O. Box 4110, Al-Khobar 31952, Kingdom of Saudi Arabia.

The Company was listed on the Saudi Stock Exchange (Tadawul) on 7 November 2022 with a free float of 30% of the Company’s share capital.

During 2024, the Company established a branch in the Kingdom of Saudi Arabia operating under commercial registration number 2051026089. The branch is located in Dammam and is engaged in training services. During 2025, the Company established a branch in United Arab Emirates, operating under commercial registration number 775479. The branch is located in Sharjah and will be engaged in drilling of oil and natural gas wells and to support the execution of potential oil and gas drilling contracts. As at 31 December 2025, the branch did not have commercial operations.

The accompanying consolidated financial information includes the financial information of the Company and its wholly owned subsidiary, Ofsat. Ofsat is a limited liability company incorporated in the Kingdom of Saudi Arabia.

Shareholders and their ownership in the Company are as follows:

	Number of shares	Ownership (%)	Nominal Value
Industrialization and Energy Services Company (TAQA)	31,773,000	35.7%	317,730,000
Services Pétroliers Schlumberger S.A. (SPS)	30,527,000	34.3%	305,270,000
Free float	26,700,000	30.0%	267,000,000
Total	89,000,000	100.0%	890,000,000

The Group had issued long term Sukuk during 2022 amounting to Saudi Riyals 2.0 billion which are due for repayment on 3 February 2027, i.e. within 12 months from the date of approval of these consolidated financial statements. As a result, the Group's current liabilities exceed its current assets from 3 February 2026.

Further, the Group's borrowing agreement with a lender including Murabaha facility contains, among other items, a financial covenant related to maintenance of minimum current ratio of 1:1, which needs to be complied with at all times. The Group was in compliance with such covenant throughout the year ended 31 December 2025. However, subsequent to the reporting date, from 3 February 2026, the Group is in breach of this covenant which could result in actions by the bank to call for immediate repayment of the loan. The management believes that the Group will be able to settle its liabilities as they fall due over the next 12 months based on the following:

- subsequent to the reporting date, on 26 February 2026, the Group has obtained the waiver from one of the lenders for the breach of loan covenant related to the current ratio;
- the Group is currently in discussion with various banks for alternative settlement options for the Sukuk.
- As per the current borrowing arrangements, the Company may borrow up to 2.5 times of its equity whereas its leverage ratio as of 31 December 2025 is 0.76;
- the Group has unutilized working capital facility of Saudi Riyals 700 million available for use; and

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

- the Group's ability to continue to generate cash from operations in line with the approved business plan.

Accordingly, the consolidated financial statements have been prepared under the going concern basis.

2. Basis of preparation and use of judgments and estimates

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA). Details of the Company's material accounting policies are included in Note 3.

The consolidated financial statements have been prepared on the historical cost basis except where IFRS, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, require another measurement basis as disclosed in the applicable accounting policies in Note 3 – Material accounting policy information.

2.2 Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Other than the matters set out in note 1 related to the going concern assessment, the information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements are disclosed below:

Judgments

(a) Leases

The Group management uses the below estimate to determine the lease where the Group acts:

As a lessee

Lease term whether the Group is reasonably certain to exercise the extension options

The Group leases warehouses, vehicles, rigs and related equipment. The leases have an option to renew the lease contracts upon expiry. Where practicable, the Group includes the extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in the circumstances within its control. The lease payments are discounted using the Group's incremental borrowing rate (“IBR”). Management has applied judgments and estimates to determine the IBR at the commencement of the lease.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

During 2022, the Group entered into a lease contract for two offshore rigs which were subsequently deployed on drilling contracts with customers. The lease contract was for a committed period of three years ending in November 2025, which is consistent with the related drilling contracts with the customers, and includes an extension option for additional one year, exercisable at the Group's discretion. At commencement of the lease, due to the volatile nature of the offshore market, management believed that the extension of the underlying drilling contracts with the customers is not reasonably certain and accordingly did not consider the extension options when recording the related lease liabilities and right-of-use assets. During the year ended 31 December 2025, the Group exercised the extension option for one of the leased rigs beyond the committed term, while the other leased rig was not renewed past its original committed period. The financial effect of revising lease terms to reflect the effect of exercising extension option was an increase in recognised lease liabilities and right-of-use assets of Saudi Riyals 35.8 million (2024: Nil).

(b) Determining the timing of return to contract for suspended rigs

In assessing impairment for the Company's cash generating units ("CGUs"), the Group makes critical judgments regarding the timing of when suspended rigs are expected to return to operation. This judgment directly affects the estimation of future cash flows and the recoverable amount of each CGU.

In addition, management has considered current discussions with the customer, operational readiness of the rigs, and broader market indicators that support the likelihood of redeployment within the expected timeframe.

The timing of return to contract is reassessed at each reporting date and revised if significant changes in market conditions, customer commitments, or operational plans occur. If the return to contract is no longer considered reasonably certain, the rig may be subject to impairment. During the year, the Company received confirmation from a customer for resumption of operations for certain suspended rigs subsequent to the reporting date.

Estimates and assumptions

Other than the matters set out in note 1, the significant estimates and assumptions are as follows:

(a) Employees' benefit obligations

Employees' benefits obligations represent obligations that will be settled in the future and require assumptions to project these obligations. IAS 19 requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. The Group's management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred, refer note 14.5.

(b) Depreciation of property, plant and equipment

The Group's management determines the estimated useful lives of property, plant and equipment and intangible assets for calculating depreciation and amortization respectively. This estimate is determined after considering expected usage of the assets and physical wear and tear. The management at least annually reviews the estimated useful lives and the depreciation and amortization method to ensure that the method and periods of depreciation and amortization are consistent with the expected pattern of economic benefit of the assets.

The residual value of the asset represents the estimated amount that the entity will receive from the disposal of the asset less the estimated disposal costs, if the asset is indeed of age and in the condition it is expected to be in at the end of its useful life.

The management reconsiders the residual value of the asset at least at the end of each financial year, and if expectations differ from previous estimates, this is treated as a change in accounting estimate, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

At year end, if the useful life increased / decreased by 10% against the current useful life with all other variables held constant, loss for the year would have been Saudi Riyals 88.0 million higher or lower, respectively. At year end, if the residual values increased / decreased by 10% against the current residual values with all other variables held constant, loss for the year would have been Saudi Riyals 0.6 million higher / lower, respectively.

(c) Impairment of property, plant and equipment and right-of-use assets

Management, in accordance with the accounting policy stated in 3.12.1, tests assets or CGUs for impairment whenever impairment indicators exist. Among others, the events or changes in circumstances which could indicate that an asset or CGU may be impaired mainly include the following:

- A suspension or non-renewal of contracts for the rigs; and
- a significant change in the extent or manner in which an asset is being used or a deterioration in its physical condition, including a significant decrease in current and projected future cash inflows.

Management determines the recoverable amount of the assets based on value-in-use calculations or, based on applicable circumstance, fair value less cost to sell. The value-in-use calculations require the use of estimates in relation to the future economic and market conditions mainly relating to the timing of resumption of suspended and terminated drilling contracts, growth rates and use of an appropriate discount rate applicable to the circumstances of the Group. Fair value less cost to sell is determined based on the market approach with consideration of recent sales of similar assets in the regional and international markets. . The Group has engaged an independent external valuer to determine the estimated fair values of the underlying rigs. The fair value measurement is categorised as Level 2 in the fair value hierarchy. The key assumptions used in the valuation are as follows:

- i. Physical condition of the rig
- ii. Reactivation and recertification costs of Saudi Riyals 13.1 million, Saudi Riyals 13.1 million and Saudi Riyals 18.7 million for AD 68, AD 63 and AD 62 respectively
- iii. Costs of disposal of nil as the transportation costs will be borne by the buyer and the legal and marketing activities will be managed in – house by the Group.

Future events could cause the estimates used in these value-in-use calculations or fair value less cost to sell to change adversely with a consequent effect on the future results of the Group. Management has performed a sensitivity analysis around the estimates. For details on the key assumptions and sensitivities, refer note 4.1.

(d) Provision for slow moving inventories

Inventory is stated at cost or net realizable value, whichever is lower. The amount of write-off and any reduction in inventory to the net realizable value and inventory losses is recognized as an expense in the same period in which the write-off or expense occurred. A provision (if necessary) is made for obsolete, slow moving and damaged inventories in accordance with the Group's policy.

The Group re-assesses the provision for slow-moving inventories in each subsequent period in accordance with the Group's policy. Provision for slow-moving inventories is made considering various factors including age of the inventory items, historic usage and expected utilization in future.

At the year end, if the provisioning rates increased / decreased by 5% against the current provisioning rates, with all other variables held constant, loss for the year would have been Saudi Riyals 2.9 million lower or higher, respectively.

3. Material accounting policy information

The material accounting policies applied in the preparation of consolidated financial statements of the Group are set out below. These policies have been consistently applied to all years presented.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

3.1 Basis of consolidation

(a) Subsidiary

These consolidated financial statements comprise the financial statements of the Company and its subsidiary. Subsidiary financial statements reporting period and accounting framework is aligned with the Company's reporting period and accounting framework. A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Non-controlling interests are measured by their proportionate share of the identifiable net assets of the acquiree at the date of acquisition.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, if any. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and

Reclassifies the parent's share of component previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the consolidated financial statements for the year ended 31 December 2025
(All amounts in Saudi Riyals unless otherwise stated)

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in consolidated statement profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Revenue from performance of services is recognized in the accounting period in which the services are rendered. The Group has concluded that it is the principal in its revenue arrangement since it is the prime obligor and is exposed to credit risk.

The Group recognizes revenue based on a five-step model as set out in IFRS 15.

IFRS 15 requires that revenue is recognized from contracts with customers based on the following five step model as follows:

- Identification of contracts with customer;
- Identification of performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to performance obligations in the contract; and
- Recognition of revenue when the Company satisfies the performance obligation.

The Group has following revenue streams:

(a) Drilling revenue

Revenue against drilling services is recorded over time as the customers simultaneously receive and consume the related benefit, using the output method where the customers sign the service entry sheet for the month as acknowledgement of the receipt of services. The services are billed to the customers based on the day rate specified in the contract upon acknowledgement of the receipt of services.

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As per the contracts with the customers, there is no financing, non-cash consideration and consideration payable to customers involved in the transaction price.

Revenue from drilling activities was recognized in accordance with the rates agreed under the terms of the drilling contracts, which include approximately equal service and lease components.

The Company allocates the transaction price, based on stand-alone selling prices, related to its drilling revenue which contain both leasing and service elements. Revenue from such leasing arrangements is recorded in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the respective lease.

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(b) Rig move revenue

The Group provides services to the customer relating to relocation of rigs on the customer's instructions. Revenue against such services is recognized over time as the customer simultaneously receives and consumes the related benefit, using the output method where the customer signs the service entry sheet for the month as acknowledgement of the receipt of services. Revenue is recognized upon completion of underlying performance obligation and customers' acknowledgement of the receipt of services.

(c) Mobilization revenue and costs

Mobilization revenue represents fees for initial mobilization of rigs. These activities do not constitute delivery of a separate service to the customers but are necessary to fulfill the drilling services mentioned above.

Accordingly, mobilization revenues are recognized as contract liabilities and are amortized over the term of the respective contracts with customers for drilling services. Mobilization costs represent costs incurred for the initial mobilization of rigs. Such costs are recognized as contract assets and are amortized over the term of the respective contracts with customers for drilling services.

(d) Catering and other revenue

The Group provides catering services and sub-contracts its manpower to its customers based on pre-agreed unit rates. Catering and manpower services are satisfied over time as the customer simultaneously receives and consumes the benefits as the services are performed. Revenue is recognised using an output method based on customer-approved timesheets/service entry sheets for the period, which provide evidence of services delivered and support the measurement of progress.

3.3 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the respective entity operates ("functional currency"). The Group's entities cash flows, financing and transactions occur in more than one currency. Since a significant portion of revenue and capital expenditure is denominated in USD, management believes that USD is the currency with the most influence over the Group's entities operations. Accordingly, USD is considered to be the functional currency of the Group's entities.

Management has elected to prepare these consolidated financial statements in Saudi Riyals which is the Group's presentation currency and believes that there is no translation impact on these consolidated financial statements since Saudi Riyal is pegged to USD.

(b) Transactions and balances

The USD is the functional currency of the Company and its subsidiary, other major transactions of the Company and its subsidiary are in Saudi Riyals which is pegged to USD. All other foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates at the dates of the initial transactions.

Foreign exchange differences resulting from the translation of cash flow hedges are recognized to the extent that the hedge is effective in the consolidated statement of profit or loss and other comprehensive income.

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3.4 Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- The Group does not have a right, at the end of the reporting period, to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 Finance income and finance costs

The Group's finance income and finance costs includes the following:

- interest income,
- interest expenses,
- the foreign currency gain or loss on financial assets and financial liabilities, and
- hedge ineffectiveness recognized in the consolidated statement of profit or loss and other comprehensive income.

The interest income or expense is recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets or
- the amortized cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.6 Zakat and income taxes

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Group is subject to zakat and income tax to the extent attributable to the effective Saudi and foreign shareholding respectively within the Group. Provision for zakat and income tax is charged to profit or loss for the year. Additional amounts, if any, are accounted for when determined to be required for payment.

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Zakat

Zakat is levied based on adjusted income subject to zakat or the zakat base in accordance with the Regulations of the ZATCA in the Kingdom of Saudi Arabia. The Group computes its zakat by using the zakat base. The zakat provision is charged to the consolidated statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

Income tax

Income tax expense comprises of current and deferred tax. Expenses are charged to the consolidated statement of profit or loss and other comprehensive income except to that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the taxable payable or receivable in respect of the previous years. The amount of the current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are allowed to offset only if certain criteria are met.

All shares in the Saudi-resident companies held directly or indirectly by Saudi Arabian Oil Company (“Saudi Aramco”) are subject to the Saudi Arabian Income Tax Law of 2004. However, article 2(a) of the income tax law, provides an exemption from the above requirement to the Companies listed in KSA. Hence indirect shareholding of Saudi Aramco is not subject to income tax.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to right-of-use assets and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

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3.7 Property, plant and equipment

Recognition and measurement

Property, plant and equipment except for freehold land and asset under construction are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Asset under construction are carried at historical cost less impairment (if any) and are transferred to property, plant and equipment when ready for use as intended by management. Historical cost includes expenditure that is directly attributable to the acquisition of the items including eligible capitalized borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted as separate items (major components) of property, plant and equipment. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Subsequent expenditure

Subsequent expenditures are capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated on property, plant and equipment (except freehold land) so as to allocate its cost, less estimated residual values, on a straight line method over the estimated useful lives of the assets. Depreciation expenses are charged to consolidated statement of profit or loss and other comprehensive income. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

Freehold land is not depreciated. No depreciation is charged on assets under construction until transferred to property, plant and equipment.

Carrying value of property, plant and equipment is written down immediately to its recoverable amounts if carrying amount is greater than its estimated recoverable amount. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

3.8 Intangible asset

Intangible asset represent software cost and are amortized using straight-line method over their estimated useful life of six years.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. The amortization expense on intangible assets with finite useful lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in profit or loss when the asset is derecognised.

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3.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in the consolidated statement of financial position.

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Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assess the lease classification of a sub-lease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group provides drilling services to its customers which include both leasing and service components.

Lease revenue

The Group recognizes the lease payments received under operating leases as income on a straight line basis over the lease term as part of drilling revenue. The drilling contracts do not include any variable lease payments or escalation clauses.

3.10 Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continued to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statement of profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

3.11 Financial instruments

3.11.1 Financial assets

(i) *Classification*

The Group's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

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(ii) Recognition and derecognition

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset.

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

(iii) Measurement

Subsequent measurement of financial assets depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. A gain or loss on a financial instrument that is subsequently measured at amortized cost and is not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is calculated using the effective interest rate method.

3.11.2 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 24.1. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other gains - net'.

Amounts accumulated in equity are accounted for as follows:

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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(ii) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

The full fair value of hedging derivatives is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability where the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, and so the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. Since all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps might occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2025 and 2024.

3.11.3 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Impairment of financial and non-financial assets

3.12.1 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual rig as the Group has concluded that each rig constitutes a single CGU, being the smallest group of assets that generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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3.12.2 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

For trade receivables and contract assets, the Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the related financial assets. The amount of loss is charged to profit or loss.

The loss rates are based on probability of default assigned by reputed credit rating agencies to the relevant credit rating of the Group's customers. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the expected rate of increase in inflation for the upcoming year in the Kingdom of Saudi Arabia as the most relevant factor, and accordingly adjusts the loss rates based on such expected changes.

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Other financial assets are considered to have low credit risk; therefore, 12 months expected loss model is used for impairment assessment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.13 Inventories

Inventories primarily represent spare parts and consumables used to provide the drilling service, which are carried at the lower of cost and net realizable value. The cost of inventories are determined using the weighted average method.

At each reporting date, spare parts and consumables are assessed for impairment. If spare parts and consumables are impaired, their carrying amount is reduced to written down value; the impairment losses are recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

Provision for obsolete, slow moving and damaged inventories is made considering various factors including age of the inventory items, historic usage and expected future utilization.

3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash in current accounts with banks and other short-term high-liquidity investments with original maturities of three months or less (if any) available to the Group without any restrictions. Deposits with original maturities over 3 months and below 12 months are reported as short term deposits in the consolidated statement of financial position under current assets and any deposits over 12 months are included in non-current assets.

3.15 Equity

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction, net of tax and zakat, from the proceeds.

Share premium represents the proceeds (net of issuance cost) from issue of new shares over and above the par value.

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3.16 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.17 Trade and other payables

Trade payable and accrued liabilities are obligations to be paid for goods and services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.18 Long-term borrowings

Long-term borrowings are initially recognized at their fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the long-term borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has a right, at the end of the reporting period, to defer settlement of the liability for at least 12 months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the year in which they are incurred.

3.19 Employees' benefit obligations

Short-term obligations

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits. Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are presented part of "trade and other payables" in the consolidated statement of financial position.

Defined benefit plan

The Group provides end of service benefits to its employees in accordance with the requirements of the Saudi Arabia Labor Law. The entitlement to these benefits is based upon the employees' last drawn salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

The employee benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

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The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past-service costs are recognized immediately in the consolidated statement of profit or loss.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Board of Directors ("BoD") of the Group assesses the financial performance and position of the Group and makes strategic decisions. The BoD has been identified as being the CODM.

Segment results reported to the Group's CODM represent revenue and cost of revenue and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.21 Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

3.22 Value Added Tax (VAT)

The Group is subject to a value added tax ("VAT") for providing services. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of services provided (output VAT) less VAT paid on purchases made / services received with the relevant supporting invoices (input VAT). The Group reports revenue net of value added tax for all the periods presented in the consolidated statement of profit or loss and other comprehensive income.

Assets and expenses are recognized net of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

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3.23 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the consolidated financial statement under trade and other payables. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3.24 Withholding Tax (WHT)

The Group withholds taxes on certain transactions with non-resident parties, including dividend payments to the shareholders, as required under the Saudi Arabian Income Tax Law.

3.25 Cost of revenue

Cost of revenue includes labor cost, consumables, depreciation, mobilization costs, rig move, direct and indirect overheads related to provision of services.

3.26 General and administrative expenses

All other expenses, excluding cost of revenue and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

3.27 New standards, amendments and interpretations

(a) *New and amended standards with no material effect on the consolidated financial statements*

The Group has applied the following relevant amendment to IFRS which is effective for the periods beginning on and after 1 January 2025, and have no impact on the Group's transactions and balances for the current or prior periods:

- Amendment to IAS 21 – Lack of Exchangeability

(b) *New and amended standards issued but not yet effective*

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") and endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for the 31 December 2025 reporting period and have not been early adopted by the Group.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026);
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027); and
- IFRS 18 - Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027).

The management is currently in the process of assessing the impact of the above-mentioned standards on the consolidated financial statements of the Group.

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4 Property, plant and equipment

Cost	Buildings and portable cabins		Rigs, machinery and equipment		Furniture, fixtures and office equipment		Vehicles		Assets under construction		Total
	Freehold land										
As at 1 January 2025	88,236,250	184,788,166	15,104,215,193		128,526,925		147,472,137		768,199,985		16,421,438,656
Additions	-	-	-		-		-		719,957,682		719,957,682
Transfers	-	5,994,717	1,274,610,181		14,028,468		23,301,705		(1,317,935,071)		-
Transfers to held for sale	(6,100,000)	(2,011,355)	(425,629,694)		(1,337,239)		(431,503)		-		(435,509,791)
As at 31 December 2025	82,136,250	188,771,528	15,953,195,680		141,218,154		170,342,339		170,222,596		16,705,886,547
Accumulated depreciation and impairment											
As at 1 January 2025	-	(27,082,519)	(7,485,063,646)		(82,075,648)		(117,233,754)		-		(7,711,455,567)
Charge for the year	-	(8,709,918)	(840,863,988)		(9,592,154)		(21,020,305)		-		(880,186,365)
Impairment loss (Note 4.2)	-	-	(114,349,224)		-		-		-		(114,349,224)
Transfers to held for sale	-	1,415,873	402,069,250		1,045,694		414,368		-		404,945,185
As at 31 December 2025	-	(34,376,564)	(8,038,207,608)		(90,622,108)		(137,839,691)		-		(8,301,045,971)

Accumulated depreciation and impairment

As at 1 January 2025	(7,711,455,567)	(82,075,648)	(7,485,063,646)	(7,485,063,646)	(82,075,648)	(82,075,648)	(117,333,754)	-	(7,711,455,567)	(7,711,455,567)
Charge for the year	(880,186,365)	(9,592,154)	(840,863,988)	(840,863,988)	(9,592,154)	(9,592,154)	(21,020,305)	-	(880,186,365)	(880,186,365)
Impairment loss (Note 4.2)	-	(8,709,918)	(8,709,918)	(8,709,918)	-	-	-	-	-	-
Transfers to held for sale	-	(27,082,519)	(27,082,519)	(27,082,519)	(415,873)	(415,873)	414,368	-	404,945,185	404,945,185
As at 31 December 2025	(8,335,509,791)	(99,240,231)	(15,300,464,153)	(15,300,464,153)	(91,677,401)	(91,677,401)	(137,839,691)	-	(8,335,509,791)	(8,335,509,791)

Net book value

As at 31 December 2025	82,136,250	154,339,966	7,914,988,072	7,914,988,072	50,596,046	50,596,046	32,502,648	170,222,596	8,404,840,576	8,404,840,576
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(a) Assets under construction at 31 December 2025 mainly represent costs related to the refurbishment of rigs which is expected to be capitalised in 2026.

(b) Rigs, machinery and equipment represent assets under contracts with customers for the drilling services which include both leasing and service components.

(c) Pursuant to the approval by the Company's Board of Directors, during the year the Group transferred certain assets with a net book value of Saudi Riyals 30.6 million (2024: Saudi Riyals 11.7 million) to assets held for sale. During the year ended 31 December 2025, the Group sold assets previously classified as held for sale, with a carrying value of Saudi Riyals 13.1 million (2024: Saudi Riyals 22.8 million) resulting in a gain on disposal of Saudi Riyals 7.6 million, refer Note 19.

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Class of assets
Building and portable cabins
Rigs, machinery and equipment
Furniture, fixtures and office equipment
Vehicles

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Useful lives (in years)

10 – 33

7 – 30

7

4 – 7

Costs of revenue (Note 17)
General and administrative expenses (Note 18)

986,375,709	865,992,313
8,159,880	9,883,583
994,535,589	875,875,896

Depreciation and impairment charge has been allocated as follows:

Net book value	88,236,250	157,705,647	7,619,151,547	46,451,277	30,238,383	768,199,985	8,709,983,089
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As at 31 December 2024

As at 1 January 2024	-	(23,138,957)	(6,893,258,117)	(74,709,639)	(116,828,618)	-	(7,107,935,331)
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As at 1 January 2024

Charge for the year	-	(3,964,219)	(752,614,016)	(8,548,081)	(5,749,580)	-	(770,875,896)
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Charge for the year

Impairment loss (Note 4.3)	-	-	(105,000,000)	-	-	-	(105,000,000)
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Impairment loss (Note 4.3)

Transfers to held for sale	20,657	20,657	265,808,487	1,182,072	5,344,444	-	272,355,660
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Transfers to held for sale

As at 31 December 2024	-	(27,082,519)	(7,485,063,646)	(82,075,648)	(117,233,754)	-	(7,711,455,567)
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As at 31 December 2024

Accumulated depreciation and impairment

As at 1 January 2024	88,236,250	180,087,917	13,323,425,718	121,189,474	147,638,044	985,192,811	14,845,770,214
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As at 1 January 2024

Additions	-	-	-	-	-	1,859,694,479	1,859,694,479
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Additions

Transfers	-	4,725,899	2,058,182,818	8,526,298	5,252,290	(2,076,687,305)	-
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Transfers

Transfers to held for sale	(25,650)	(277,393,343)	(1,188,847)	(1,188,847)	(5,418,197)	-	(284,026,037)
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Transfers to held for sale

As at 31 December 2024	88,236,250	184,788,166	15,104,215,193	128,526,925	147,472,137	768,199,985	16,421,438,656
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As at 31 December 2024

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4.1 Impairment loss

During the year ended 31 December 2025, drilling contracts for certain offshore and onshore rigs were suspended by the customer while the drilling contract related to an onshore rig will not be renewed. This was in addition to suspension, termination and non-renewal of certain rig contracts during the year ended 31 December 2024. These events were identified as impairment indicators by the Group management for the suspended and out of contract rigs where each rig was concluded to be a single CGU. Accordingly, an impairment assessment was carried out for such rigs as at 31 December 2025. The impairment assessment was based on value-in-use calculations which require management to estimate the future cash flows and appropriate discount and growth rates.

Key assumptions used in this analysis included:

- a pretax discount rate (weighted average cost of capital) of 11.10% calculated using a Capital Asset Pricing Model methodology (CAPM);
- increase of 5% in day rates in the forecasted period after every three years; and
- Cash flow forecast period in the range of 5-21 years;

Management concluded that the recoverable amount for such CGUs excluding the CGUs stated in note 4.2 was higher than their carrying amounts. The estimated recoverable amount was based on an approved business plan. The calculation involved an in-depth review of each key element of the CGUs' revenues and costs (including day rates, operating costs and capital expenditure) and included a review of historical results, external market and economic conditions.

The recoverable amounts of certain CGUs would equal their carrying amounts due to the following changes in certain key estimates:

	31 December 2025	
	From	To
Discount rate to increase	11.10%	11.43%
Growth in day rates to decrease	5.00%	3.90%
Cash flow forecast period (in years)	5-21	4-19

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. Management has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the recoverable amount of the CGUs to be less than its carrying amount.

4.2 Impairment loss recognized during the year ended 31 December 2025

As a result of softening of demand for certain rigs, the Group management decided to impair three out of contract onshore rigs up to their recoverable amounts of Saudi Riyals 43.1 million, Saudi Riyals 48.8 million and Saudi Riyals 45.0 million, respectively, and an impairment loss of Saudi Riyals 114.3 million was recorded in cost of revenue during the year ended 31 December 2025. The recoverable amounts were based on fair values less costs of disposal for the rigs which are categorised within Level 2 of the fair value hierarchy and were determined through the market approach by considering recent sales in the regional and international markets for similar type of rigs.

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4.3 Impairment loss recognized during the year ended 31 December 2024

As at 31 December 2024, management identified impairment indicators for certain cash generating units (CGUs) and accordingly, an impairment assessment was carried out for such CGUs as at 31 December 2024. Based on such assessment, management concluded to impair two rigs and an impairment loss of Saudi Riyals 105.0 million was recorded in cost of revenue during the year ended 31 December 2024. The recoverable amounts were based on fair values less costs of disposal for the rigs which was categorised within Level 2 of the fair value hierarchy and were determined by obtaining independent quotations from prospective buyers for the same or similar rigs.

5. Intangible asset

	2025	2024
As at 1 January	50,611,327	-
Additions	25,959,770	50,611,327
Amortisation	(11,534,979)	-
As at 31 December	65,036,118	50,611,327

The additions relate to cost of SAP S/4 Hana upgrades and related customisation capitalized during the year. The Group amortises the software using the straight-line method, over a 6-year period.

6. Leases

Group as a lessee

The Group leases vehicles, warehouse, rigs and related equipment for a period ranging from 3 to 5 years. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes. Lease payments are renegotiated during renewal of the contract to reflect market rentals. The Group has elected not to recognize right-of-use assets and lease liabilities for the short-term and/or leases of low-value items.

Extension and termination options are included to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by mutual agreement of the Group and the respective lessor. Information about leases for which the Group is a lessee is presented below.

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6.1 Right-of-use assets

Cost	Vehicles	Warehouse	Rigs and related equipment	Total
As at 1 January 2025	9,018,948	4,508,656	191,734,241	205,261,845
Additions	-	5,036,858	-	5,036,858
Lease remeasurement (Note 6.3)	-	-	35,834,317	35,834,317
As at 31 December 2025	9,018,948	9,545,514	227,568,558	246,133,020

Accumulated depreciation

As at 1 January 2025	(4,004,054)	(1,277,452)	(134,853,724)	(140,135,230)
Charge for the year	(2,253,194)	(1,989,906)	(61,661,489)	(65,904,589)
As at 31 December 2025	(6,257,248)	(3,267,358)	(196,515,213)	(206,039,819)

Net book value as at 31 December 2025	2,761,700	6,278,156	31,053,345	40,093,201
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Cost	Vehicles	Warehouse	Rigs and related equipment	Total
As at 1 January 2024 and 31 December 2024	9,018,948	4,508,656	191,734,241	205,261,845

Accumulated depreciation

As at 1 January 2024	(1,744,687)	(826,587)	(70,854,928)	(73,426,202)
Charge for the year	(2,259,367)	(450,865)	(63,998,796)	(66,709,028)
As at 31 December 2024	(4,004,054)	(1,277,452)	(134,853,724)	(140,135,230)

Net book value as at 31 December 2024	5,014,894	3,231,204	56,880,517	65,126,615
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6.2 Lease liabilities

	2025	2024
As at 1 January	67,892,356	135,060,094
Additions	5,036,858	-
Lease remeasurement (Note 6.3)	35,834,317	-
Finance cost on lease liability (Note 20)	2,264,120	5,227,796
Payments during the year	(70,323,903)	(72,395,534)
As at 31 December	40,703,748	67,892,356
Non-current portion	4,658,107	4,114,021
Current portion	36,045,641	63,778,335
As at 31 December	40,703,748	67,892,356

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Maturity analysis of lease liabilities are as follows:

	2025	2024
Less than one year	37,794,875	66,521,888
Two to five years	4,999,750	3,410,850
Over five years	92,700	1,205,100
Total undiscounted cash flow	42,887,325	71,137,838
Less: Future finance costs on lease liabilities	(2,183,577)	(3,245,482)
Carrying value of lease liabilities	40,703,748	67,892,356

Amounts recognized in the consolidated statement of profit and loss and other comprehensive income:

	2025	2024
Depreciation charge for right-of-use assets		
Cost of revenue (Note 17)	65,904,589	66,709,028
Finance cost on lease liabilities		
Finance costs on lease liability (Note 20)	2,264,120	5,227,796

Other amounts recognized in the consolidated statement of profit and loss and other comprehensive income:

Expenses relating to short term leases for the year ended 31 December 2025 amounted to Saudi Riyals 149.5 million (2024: Saudi Riyals 140.9 million) are charged to the consolidated statement of profit or loss and other comprehensive income.

Amounts presented in the consolidated statement of cash flows:

The total cash outflow for leases during the year ended 31 December 2025 amounts to Saudi Riyals 70.3 million (2024: Saudi Riyals 72.4 million).

6.3 Lease remeasurement

During the year, the Group exercised the extension option in the contract for one of the leased rigs beyond the original lease term of three years by extending the term by one year. This was accounted for a lease remeasurement in accordance with IFRS 16 – 'Leases'. The financial effect of revising lease terms to reflect the effect of exercising extension option was an increase in recognised lease liabilities and right-of-use assets by Saudi Riyals 35.8 million (2024: Nil).

6.4 Short term deposit

Short term deposit amounting to Saudi Riyals 8.1 million pertain to security deposit against the leased rig which is refundable upon completion of the lease contract.

7. Inventories

	2025	2024
Spare parts, supplies and consumables	303,976,299	337,919,873
Less: provision for slow moving inventories	(20,886,271)	(29,248,414)
	283,090,028	308,671,459

Pursuant to the approval by the Company's Board of Directors, during the year ended 31 December 2025, the Group transferred certain assets with a net book value of Saudi Riyals 4.9 million (2024: Nil) to assets held for sale.

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During the year, the Group has consumed spare parts, supplies and consumables amounting to Saudi Riyals 281.5 million (2024: Saudi Riyals 260.8 million). Movement in provision for obsolete, slow moving and damaged inventories is as follows:

	2025	2024
1 January	29,248,414	34,813,806
(Reversal) / charge for the year	(8,362,143)	2,071,414
Write offs during the year	-	(7,636,806)
31 December	20,886,271	29,248,414

8. Trade and other receivables

Trade receivables:

	2025	2024
Third parties	134,155,002	163,488,017
Unbilled receivable	277,172,513	365,756,926
Related parties (Note 26)	192,696,919	151,181,823
	604,024,434	680,426,766
	(5,200,383)	(5,257,070)
	598,824,051	675,169,696

Other receivables:

Prepayments	43,492,909	60,339,102
Advance to suppliers	13,296,313	36,710,829
Other	7,096,397	7,361,305
	662,709,670	779,580,932

	2025	2024
Movement in allowance for ECL is as follows:		
As at 1 January	5,257,070	4,101,340
(Reversal) / charge for the year	(56,687)	1,155,730
As at 31 December	5,200,383	5,257,070

The Group applies simplified approach under IFRS 9 to measure lifetime expected credit losses for its trade receivables. The Group considers any trade receivables overdue for more than a year to be in default and are accordingly fully provided for.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables are included in Note 25.1 (b). The aging analysis of these trade receivable is as follows:

	2025	2024
Not due	366,439,693	475,703,039
Overdue up to 90 days	133,276,368	151,215,492
Overdue for a period between 91 to 180 days	75,184,008	19,745,543
Overdue for a period between 181 to 270 days	26,956,867	22,343,727
Overdue for a period between 271 to 365 days	818,993	4,930,117
Overdue for more than 365 days	1,348,505	6,488,848
	604,024,434	680,426,766

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9. Cash and cash equivalents

	2025	2024
Cash at bank	431,227,642	581,641,174
Cash in hand	1,519,497	165,357
Time deposits	162,500,000	-
	595,247,139	581,806,531

The time deposits (Islamic) are placed with commercial banks and have maturities ranging from one to two months. Such deposits yield finance income ranging from 4.30% and 4.88% per annum.

10. Assets held for sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale primarily represent discarded vehicles, rigs, related equipment and inventories and the Group disposes of these assets in accordance with the policy approved by the Board of Directors.

	2025	2024
As at 1 January	5,789,201	13,111,001
Transfers from property, plant and equipment	30,564,606	11,670,377
Transfers from inventories	4,892,142	-
Disposals during the year	(13,070,167)	(22,783,584)
(Impairment) / reversal on assets held for sale	(172,816)	3,791,407
As at 31 December	28,002,966	5,789,201

11. Share capital

As at 31 December 2025, the share capital of the Company comprised of 89,000,000 shares at a nominal value of Saudi Riyals 10 per share (31 December 2024: 89,000,000 shares at a nominal value of Saudi Riyals 10 per share).

12. Statutory reserve

According to the newly enacted Companies Law and its implementing regulations effective in KSA starting 19 January 2023, the mandatory statutory reserve requirement was abolished. Pursuant to this change, the Board of Directors resolved to amend the Group's By-laws to exclude the requirement to maintain a statutory reserve and recommended to the general assembly to transfer this reserve to retained earnings. The general assembly in their meeting held on 22 October 2025, approved to transfer the statutory reserve to retained earnings. Accordingly, the statutory reserve was transferred to retained earnings during the year.

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13. Long term borrowings

	2025	2024
Sukuk (Note 13.3)	2,000,000,000	2,000,000,000
Murabaha borrowings (Note 13.2)	937,408,835	899,984,900
Add: accrued finance costs	64,924,934	64,780,863
	3,002,333,769	2,964,765,763
Less: unamortized transaction cost	(5,290,166)	(9,824,594)
	2,997,043,603	2,954,941,169
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	344,640,958	282,427,922
Non-current portion	2,652,402,645	2,672,513,247
	2,997,043,603	2,954,941,169
Movement in unamortized transaction cost is as follows:		
As at 1 January	9,824,594	14,359,022
Less: amortization for the year	(4,534,428)	(4,534,428)
As at 31 December	5,290,166	9,824,594

13.1 The borrowings comprise of long-term financing arrangements with certain non-conventional banks and carry finance costs based on prevailing market rates plus an applicable margin.

13.2 Murabaha borrowings

During 2025, the Group utilised Saudi Riyals 300.0 million from an existing murabaha facility of Saudi Riyals 500.0 million which was obtained from a Saudi commercial bank to finance the Group's capital expenditure. The murabaha loan is repayable over a period of 5 years starting from October 2025 through July 2030 on a monthly installment basis. The loan bears finance cost based on prevailing market rate which are based on SAIBOR plus an applicable margin.

During 2023, the Group obtained a murabaha loan facility of Saudi Riyals 500.0 million from a Saudi commercial bank to finance its capital expenditure. The murabaha loan is repayable over a period of 5 years starting from December 2024 through December 2028 on a quarterly installment basis. These loans bear finance cost based on prevailing market rate which are based on SAIBOR plus an applicable margin.

During 2022, the Group had obtained a murabaha facility of Saudi Riyals 500.0 million from a Saudi commercial bank to finance capital expenditure. The murabaha loan is repayable over a period of 5 years starting from February 2024 through November 2028 on a quarterly installment basis. These loans bear finance costs based on prevailing market rate which are based on SAIBOR plus an applicable margin.

Under the Murabaha facility agreements stated above, the Group is required to comply with the following financial covenants, with one Saudi commercial bank requiring compliance at all times and the other bank only at the end of the reporting period:

- Minimum current ratio of 1:1 and
- Maximum leverage ratio of 2.5x;

The Group has complied with these covenants throughout the year ended 31 December 2025. The Group had issued long term Sukuk during 2022 amounting to Saudi Riyals 2.0 billion which are due for repayment on 3 February 2027 as stated in note 13.3, i.e. within 12 months from the date of approval of these consolidated financial statements. As a result, the Group's current liabilities exceed its current assets from 3 February 2026. This results in breach of the above current ratio from 3 February 2026 and the change in classification of non-current liability as the bank may proceed for actions related to immediate repayment of the loan by the Group. Subsequent to the reporting date, on 26 February 2026, the Group has obtained the waiver from a Saudi commercial bank for the breach of loan covenant related to current ratio. Also see note 1.

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13.3 Sukuk

During 2022, the Group issued Sukuk amounting to Saudi Riyals 2.0 billion after obtaining necessary regulatory approvals and incurred a transaction cost of Saudi Riyals 22.3 million. In line with the sukuk prospectus, the Group management utilised these proceeds towards repayment of existing murabaha borrowings and for other corporate purposes including procurement of additional rigs.

The repayment of the Sukuk is due in a single balloon payment in 2027 and it bears finance costs based on prevailing market rates which are based on Saudi Arabia Inter-Bank Offer Rates ("SAIBOR") plus an applicable margin.

Under the Sukuk agreement, the Group is required to comply with the following financial covenant throughout the year:

- Maximum leverage ratio of 2.5.

The Group has complied with this covenant throughout the year ended 31 December 2025.

13.4 Maturity profile of principal portion of the borrowings including accrued finance costs:

	2025	2024
Year ended 31 December		
2025	-	247,058,824
2026	279,716,024	217,647,059
2027	2,279,716,024	2,217,647,059
2028	279,716,024	217,631,958
2029	62,068,965	-
2030	36,191,798	-
	2,937,408,835	2,899,984,900

14. Employees' benefit obligations

14.1 General description of the plan

The Group provides end of service benefits to its employees in accordance with the requirements of the Saudi Arabia Labor Law. The entitlement to these benefits is based upon the employees' last drawn salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period. The valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as at 31 December 2025 and 2024.

14.2 Movement in liability recognized in the consolidated statement of financial position:

	2025	2024
1 January	326,804,258	304,407,017
Charge for the year	41,536,080	47,800,608
Benefits paid during the year	(57,560,301)	(32,055,638)
Remeasurement (gain) / loss	(7,819,782)	6,652,271
31 December	302,960,255	326,804,258

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14.3 Amounts recognized in the consolidated statement of profit or loss and other comprehensive income:

	2025	2024
Current service cost	26,518,884	34,016,082
Interest expense	15,017,196	13,784,526
Recognized in consolidated statement of profit or loss	41,536,080	47,800,608
Remeasurement (gain) / loss:		
• financial assumptions	(4,292,408)	2,239,684
• experience adjustments	(3,527,374)	4,412,587
Recognized in consolidated other comprehensive income	(7,819,782)	6,652,271

14.4 Key actuarial assumptions used to calculate the employees’ benefit obligations:

	2025	2024
Discount rate	5.52%	4.96%
Salary growth rate	3.75%	3.75%
Mortality rate	A 1949-52	A 1949-52

14.5 Sensitivity analysis for actuarial assumptions

	2025	2024
Discount rate		
1% increase	(25,159,777)	(24,871,815)
1% decrease	29,577,747	28,899,078
Salary growth rate		
1% increase	30,776,687	30,223,762
1% decrease	(26,646,525)	(26,481,731)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee benefit obligations.

14.6 Expected maturity analysis

The weighted average duration of the defined benefit obligation as at reporting period is 9 years (31 December 2024: 8 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
31 December 2025	39,216,339	66,969,439	86,937,807	1,088,956,245	1,282,079,830
31 December 2024	36,934,501	36,150,225	113,674,895	1,048,838,610	1,235,598,231

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15. Trade and other payables

	2025	2024
Trade payables	316,498,030	194,364,705
Accrued expenses	332,146,397	669,318,680
Value added tax payable	16,401,647	11,071,442
Dividend payable	201,957	7,471
Other	4,188,181	3,250,649
	669,436,212	878,012,947

The carrying amounts of trade and other payables approximate their fair values.

16. Revenue

	For the year ended 31 December	
	2025	2024
Drilling revenue (Note 16.1)	2,575,912,982	2,911,354,427
Rig move revenue	545,029,947	374,872,730
Mobilization revenue (Note 16.2)	104,648,549	146,714,147
Catering and other revenue	207,735,885	185,876,199
	3,433,327,363	3,618,817,503

16.1 Drilling revenue

Revenue from drilling activities was recognised in accordance with the rates agreed under the terms of the drilling contracts, which include approximately equal service and lease components. Lease component of future revenue from drilling activities under such contracts is as follows:

	2025	2024
Within one year	1,530,283,820	1,774,372,635
Within two years	1,352,157,945	972,352,299
Within three years	1,030,996,433	814,629,225
Within four years	745,431,806	672,187,866
Within five years	396,466,650	421,315,772
Later than five years	1,152,446,216	478,664,131
	6,207,782,870	5,133,521,928

The expected revenue is based on signed agreements with the customers and expected utilization rates of the underlying rigs.

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16.2 Mobilization revenue

	2025	2024
As at 1 January	281,969,742	367,684,514
Additions	42,691,773	60,999,375
Revenue recognized during the year	(104,648,549)	(146,714,147)
As at 31 December	220,012,966	281,969,742

Additions to mobilization revenue for the year ended 31 December 2024 includes adjustment of Saudi Riyals 61.8 million related to liquidated damages. The Group incurred such damages due to delays in mobilization of certain new rigs whereby the customer, exercising its rights in the related contracts, will adjust these amounts against future billings. These were accounted for by the Group as variable consideration by netting off from mobilization revenue and will be amortized over the period of the contract term of the relevant rigs.

Mobilization revenue is presented in the accompanying consolidated statement of financial position net of mobilization cost as follows:

	2025	2024
Current portion	54,623,759	66,140,447
Non-current portion	77,593,207	112,889,224
	132,216,966	179,029,671

17. Cost of revenue

	For the year ended 31 December	
	2025	2024
Salaries, wages and benefits	1,452,625,203	1,417,622,420
Depreciation and impairment charge on property, plant and equipment (Note 4)	986,375,709	865,992,313
Material consumed and rig move expenses	491,100,023	448,157,862
(Reversal) / provision for slow moving inventories (Note 7)	(8,362,143)	2,071,414
Depreciation on right-of-use assets (Note 6)	65,904,589	66,709,028
Mobilization cost (Note 17.1)	31,937,582	31,847,652
License expenses	8,435,503	697,438
Professional and technical consultation fees	5,828,124	3,782,962
Other	25,410,514	22,036,728
	3,059,255,104	2,858,917,817

17.1 Mobilization cost

	2025	2024
As at 1 January	102,940,071	61,855,032
Additions	16,793,511	72,932,691
Charge for the year	(31,937,582)	(31,847,652)
As at 31 December	87,796,000	102,940,071

Mobilization cost is netted off with mobilization revenue in the accompanying consolidated statement of financial position.

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18. General and administration expense

	For the year ended 31 December	
	2025	2024
Salaries and benefits	113,769,008	108,680,273
Professional services	52,835,655	43,378,376
Depreciation on property, plant and equipment (Note 4)	8,159,880	9,883,583
Office supplies	6,868,762	17,581,144
Office expenses	13,045,254	14,796,223
Amortisation of intangible asset (Note 5)	11,534,979	-
Other	18,448,944	10,375,244
	224,662,482	204,694,843

Statutory audit fees for the year ended 31 December 2025 related to the audit and the review of the Group's consolidated financial statements and quarterly condensed consolidated interim financial statements, respectively, was Saudi Riyals 0.7 million (2024: Saudi Riyals 0.7 million). Other fees charged by the statutory auditor for the year ended 31 December 2025 comprise of Saudi Riyals 0.3 million (2024: Saudi Riyals 0.4 million) for allowable zakat and tax compliance services and certain other allowable services.

19. Other gains - net

	For the year ended 31 December	
	2025	2024
Gain on disposal of non-current assets held for sale	7,622,737	-
Income from insurance claim*	7,121,089	-
Sale of scrap	4,088,827	11,483,783
	18,832,653	11,483,783

*The income from insurance claim relates to an insurance claim against damage to rig mast of AD 45 during normal course of business amounting to Saudi Riyals 7.1 million (2024: Nil).

20. Finance cost

	For the year ended 31 December	
	2025	2024
Finance cost on murabaha loans	62,460,417	64,453,539
Finance cost on sukuk	153,632,796	158,726,717
Finance cost on lease liabilities (Note 6.2)	2,264,120	5,227,796
Other finance costs	1,452,331	718,842
	219,809,664	229,126,894

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21. Zakat and income tax

21.1 Components of zakat base

The Company and its subsidiary file their zakat and income tax declaration on a standalone basis. The zakat declaration is based on the zakat regulations introduced by the Ministry of Finance under Ministerial Resolution No. 1007 dated 29 February 2024. These regulations, known as the New Zakat By-Laws, were effective for financial years starting from 1 January 2024, as such the Company and its subsidiary prospectively adopted these new regulations from the financial year ending 31 December 2024 and adjusted the zakat calculation accordingly. Zakat is payable at 2.578% on all components of the zakat base, subject to a minimum and maximum limit as introduced in the Revised ZATCA Regulations.

The principal elements of the zakat base are as follows:

	2025	2024
Total equity and the equivalents	3,999,580,405	4,092,855,018
Liabilities and the equivalents	2,283,043,782	2,323,204,117
Non- current assets and the equivalents	(6,001,540,223)	(6,224,735,961)
Other	(16,051,575)	(9,181,620)
Total base	265,032,389	182,141,554
Minimum zakat base – adjusted net profit	-	192,931,226
Maximum zakat base	265,032,389	182,141,554
Approximate zakat base	265,032,389	192,931,226
Zakat rate	2.578%	2.578%
Zakat due at 2.578% on the approximate zakat base	6,832,535	4,973,767
Zakat expense	6,832,535	4,973,767

21.2 Zakat and income tax

	For the year ended 31 December	
	2025	2024
Zakat charge (Note 21.1)	6,832,535	4,973,767
Current tax expense – Local tax	4,025,077	9,062,354
Current tax expense – Foreign tax	10,610,658	2,000,000
Deferred tax expense (Note 21.5)	5,994,375	20,618,778
Income tax expense	20,630,110	31,681,132
Net charge to consolidated statement of profit or loss	27,462,645	36,654,899
Deferred tax expense / (credit) on other comprehensive income elements (Note 21.5)	536,437	(456,346)
	27,999,082	36,198,553

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21.3 Provision for zakat and income tax

	Zakat	Income tax	Total
As at 1 January 2025	5,677,918	(10,651,614)	(4,973,696)
Current year charge – Local tax	6,832,535	4,025,077	10,857,612
Current year charge – Foreign tax (Note 21.6)	-	10,610,658	10,610,658
ZATCA-approved offset against income tax receivable	(5,220,024)	5,220,024	-
Payments made during the year	(235,101)	(5,976,834)	(6,211,935)
As at 31 December 2025	7,055,328	3,227,311	10,282,639
As at 1 January 2024	27,122,730	5,009,039	32,131,769
Current year charge – Local tax	5,677,918	9,504,442	15,182,360
Current year charge – Foreign tax	-	2,000,000	2,000,000
Payments made during the year	(26,418,579)	(26,723,007)	(53,141,586)
Prior year adjustments	(704,151)	(442,088)	(1,146,239)
As at 31 December 2024	5,677,918	(10,651,614)	(4,973,696)

21.4 Numerical reconciliation of income tax expense

	For the year ended 31 December	
	2025	2024
(Loss) / profit before zakat and income tax	(47,787,686)	358,019,636
Income tax rate applicable to the Group	20%	20%
Income tax on (loss) / profit before zakat and income tax	(9,557,537)	71,603,927
Reconciliation:		
Tax effect of deductions / (profit) subject to zakat	6,279,322	(47,043,780)
Foreign tax	10,610,658	2,000,000
Interest in excess of limit	14,823,994	-
Tax effect of other exempt income and disallowed expenses - net	(1,526,307)	5,120,985
	20,630,110	31,681,132

21.5 Deferred taxes

The balance comprises deductible / (taxable) temporary differences attributable to:

	2025	2024
Employees' benefit obligations	302,960,255	326,804,258
Property, plant and equipment, intangible assets and right of use assets	(3,372,131,296)	(3,055,090,920)
Provisions and other	287,419,556	41,736,488
Taxable temporary differences - net	(2,781,751,485)	(2,686,550,174)
Deferred tax liabilities	(190,828,152)	(184,297,340)

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Movement in deferred tax liabilities is attributable to:

	Employees' benefit obligations	Property, plant and equipment, intangible assets and right of use assets	Provisions and other	Total
As at 1 January 2025	22,418,775	(209,579,238)	2,863,123	(184,297,340)
(Charge) / credit to consolidated statement of profit or loss	(1,099,265)	(21,748,969)	16,853,859	(5,994,375)
Credited to consolidated statement of other comprehensive income	(536,437)	-	-	(536,437)
As at 31 December 2025	20,783,073	(231,328,207)	19,716,982	(190,828,152)
As at 1 January 2024	20,882,322	(188,486,279)	3,469,048	(164,134,909)
Credited / (charge) to consolidated statement of profit or loss	1,080,107	(21,092,959)	(605,925)	(20,618,777)
Charge to consolidated statement of other comprehensive income	456,346	-	-	456,346
As at 31 December 2024	22,418,775	(209,579,238)	2,863,123	(184,297,340)

21.6 Status of assessments

Arabian Drilling Company

ZATCA has finalized the Company's zakat and income tax assessments for the years up to 2021. The assessments for the years 2022 through 2024 are still open for zakat and income tax assessment from ZATCA and no assessments for these years have been received as at 31 December 2025.

The Company historically filed its income tax return for the rigs operating in Neutral Zone using the deemed profit basis. During 2023, the Company commenced filing tax returns based on actual profit. During 2025, the Company assessed that this change may be challenged by the tax authorities, who could potentially require the Group to apply the deemed profit basis. Accordingly, management has recognized a provision of Saudi Riyals 10.1 million for the years 2023 to 2025, representing management's best estimate of potential exposure arising from possible reassessment by the tax authorities.

Based on the Company's assessment, it is not anticipated that any material liabilities, other than currently recognized, will be incurred as a result of outstanding assessments.

Ofsat Arabia LLC

ZATCA has finalized the zakat and income tax assessments of Ofsat for the years up to 2021. The assessments for years 2022 through 2024 are still open for zakat and income tax assessments from ZATCA and no assessments for these years have been received as at 31 December 2025.

22. Contingencies and commitments

- i. As at 31 December 2025, the Group's bankers have issued guarantees on behalf of the Group amounting to Saudi Riyals 475.1 million (31 December 2024: Saudi Riyals 451.8 million) and letters of credit issued in the normal course of business amounting to Nil (31 December 2024: Saudi Riyals 2.6 million).

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- ii. The capital expenditure contracted by the Group but not incurred till 31 December 2025 was approximately Saudi Riyals 180.9 million (31 December 2024: Saudi Riyals 187.0 million).

23. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated as follows:

	For the year ended 31 December	
	2025	2024
(Loss) / profit attributable to the shareholders of the Company	(75,250,331)	321,364,737
Weighted average number of ordinary shares for basic and diluted (loss) / earnings per share	89,000,000	89,000,000
Basic and diluted (loss) / earnings per share	(0.85)	3.61

24. Segment information

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates principally in the following two operating segments:

- i) Provision of drilling and related services through land rigs; and
- ii) Provision of drilling and related services through off-shore rigs.

* Other segments primarily represents transportation service provided by subsidiary to transport the land rigs. Transactions between the Company and subsidiary is reported as part of intersegment revenue and cost, this will have nil impact to the segment results.

The Group's CODM reviews the internal management reports of each segment at least on a quarterly basis. The segment disclosures are consistent with the information reviewed by the CODM to make any strategic decision.

Intersegment revenue and intersegment cost represents the transactions between entities within the Group which have been eliminated during the consolidation process.

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Consolidated financial information as of 31 December 2025 and 2024 and for the year ended 31 December 2025 and 2024, summarized below based on above stated operating segments:

a) Segment results

For the year ended 31 December 2025

	Land rigs	Off-shore rigs	Other	Total
Revenue from external customers	2,434,480,976	997,806,908	1,039,479	3,433,327,363
Intersegment revenue	-	-	307,483,822	307,483,822
Intersegment cost	(307,483,822)	-	-	(307,483,822)
Cost of revenue	(2,044,405,089)	(771,193,616)	(243,656,399)	(3,059,255,104)
Segment results	82,592,065	226,613,292	64,866,902	374,072,259

For the year ended 31 December 2024

	Land rigs	Off-shore rigs	Other	Total
Revenue from external customers	2,140,822,296	1,477,995,207	-	3,618,817,503
Intersegment revenue	-	-	236,823,954	236,823,954
Intersegment cost	(236,823,954)	-	-	(236,823,954)
Cost of revenue	(1,742,549,080)	(914,546,181)	(201,822,556)	(2,858,917,817)
Segment results	161,449,262	563,449,026	35,001,398	759,899,686

Reconciliation of segment results with (loss) / profit before zakat and income tax

	For the year ended 31 December	
	2025	2024
Total results for reporting segments	374,072,259	759,899,686
Expected credit loss reversal / (allowance) on financial assets	56,687	(1,155,730)
General and administrative expenses	(224,662,482)	(204,694,843)
Other gains - net	18,832,653	11,483,783
Finance costs - net	(216,086,803)	(207,513,260)
	(47,787,686)	358,019,636

b) Segment assets

As at 31 December 2025

	Land rigs	Off-shore rigs	Other	Eliminations	Total
Property, plant and equipment	4,053,807,053	3,543,715,035	232,047,630	-	7,829,569,718
Right-of-use-assets	-	32,812,866	7,280,335	-	40,093,201
Short-term deposits	-	8,100,000	-	-	8,100,000
Inventories	168,448,419	109,520,637	5,120,972	-	283,090,028
Trade receivables	454,786,904	151,597,252	127,771,567	(130,131,289)	604,024,434
Assets held for sale	-	28,002,966	-	-	28,002,966
	4,677,042,376	3,873,748,756	372,220,504	(130,131,289)	8,792,880,347

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As at 31 December 2024

	Land rigs	Off-shore rigs	Other	Eliminations	Total
Property, plant and equipment	4,426,679,190	3,501,738,323	267,024,301	-	8,195,441,814
Right-of-use-assets	-	61,895,411	3,231,204	-	65,126,615
Long-term deposits	-	16,200,000	-	-	16,200,000
Inventories	188,447,387	114,956,827	5,267,245	-	308,671,459
Trade receivables	521,326,197	159,100,569	62,174,344	(62,174,344)	680,426,766
Assets held for sale	-	5,789,201	-	-	5,789,201
	5,136,452,774	3,859,680,331	337,697,094	(62,174,344)	9,271,655,855

Reconciliation of segment assets with total assets

	2025	2024
Total segment assets	8,792,880,347	9,271,655,855
Cash and cash equivalents	595,247,139	581,806,531
Unallocated property, plant & equipment (corporate assets)	575,270,858	565,152,602
Derivative financial instrument	2,284,765	6,419,826
Others	123,721,354	109,805,780
	10,089,404,463	10,534,840,594

c) Other information

Revenues from all contracts with customers are generated within the Kingdom of Saudi Arabia. Revenues derived from customers are presented below:

	2025	2024
Saudi Aramco	2,399,883,661	2,515,980,502
Schlumberger Middle East S.A.	589,551,332	593,189,967
Al Khafji Joint Operations	303,900,117	278,526,191
Baker Hughes Company	138,952,774	231,120,843
Others	1,039,479	-
	3,433,327,363	3,618,817,503

25. Financial risk management

25.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for developing and monitoring the Group's risk management policies.

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The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily in Saudi Riyals and USD. Since Saudi Riyal is pegged to USD, the Group believes that the currency risk for the financial instruments is not significant.

(ii) Fair value and cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group borrows at interest rates on commercial terms. During 2025 and 2024, the Group's borrowings were denominated in Saudi Riyals.

At 31 December 2025, the Group had variable interest bearing financial liabilities of Saudi Riyals 2.9 billion (2024: Saudi Riyals 2.9 billion), and had the interest rate varied by 1% with all the other variables held constant, net change in loss before zakat and income tax would have been approximately Saudi Riyals 30.1 million (2024: Saudi Riyals 29.6 million) lower/higher, mainly as a result of lower/higher financial charges on floating rate borrowings.

The Group's receivables and payables are carried at amortized cost and are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group is not exposed to fair value interest rate risk.

During 2024, the Group has entered into interest rate swap agreements which have been designated as cash flow hedge. Since the critical terms under the hedging arrangement are similar, the hedging effectiveness is expected to remain 100% throughout the life of the hedging arrangement. The notional amount covered under the hedging arrangement amount to Saudi Riyals 250.0 million.

(a) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group's financial assets and liabilities are not exposed to price risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents (including short term deposits) carried at amortized cost, as well as credit exposures to customers, including outstanding receivables. Cash and cash equivalents and short-term deposits represent low credit risk as they are placed with reputable banks. For banks and time deposits, only independently rated parties with a minimum credit rating of Baa3 are accepted. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognized at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

Other receivables and short-term deposits are not exposed to significant credit risk.

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Credit risk represents the financial loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. At 31 December 2025, 99.9% (2024: 99.3%) of trade receivables were due from four customers. Management believes that this concentration of credit risk is mitigated as the customers have an established track record of regular and timely payments.

For trade receivables, an internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The carrying amount of trade receivables relates to a few customers for whom there is no recent history of default.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables:

	31 December 2025		
	Weighted average loss rate	Gross carrying amount	Loss allowance
Not due	0.3%	366,439,693	1,005,274
Overdue up to 90 days	0.7%	133,276,368	988,724
Overdue for a period between 91 to 180 days	0.8%	75,184,008	607,692
Overdue for a period between 181 to 270 days	2.8%	26,956,867	764,049
Overdue for a period between 271 to 365 days	59.4%	818,993	486,139
Overdue for more than 365 days	100.0%	1,348,505	1,348,505
	0.9%	604,024,434	5,200,383

	31 December 2024		
	Weighted average loss rate	Gross carrying amount	Loss allowance
Not due	0.3%	475,703,039	1,199,367
Overdue up to 90 days	0.8%	151,215,492	1,242,690
Overdue for a period between 91 to 180 days	1.6%	19,745,543	325,740
Overdue for a period between 181 to 270 days	2.0%	22,343,727	441,160
Overdue for a period between 271 to 365 days	2.7%	4,930,117	131,259
Overdue for more than 365 days	29.5%	6,488,848	1,916,854
	0.8%	680,426,766	5,257,070

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities.

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Cash flow forecasting is performed by the management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

As disclosed in Note 1, the Group's liquidity risk is primarily driven by the upcoming Sukuk maturity and related covenant considerations, and management mitigates this through ongoing refinancing discussions, available undrawn facilities and forecast net cash inflows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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31 December 2025 Non-derivative financial liabilities	Carrying amount	Total	Contractual cashflows			
			Less than 1 year	Less than 2 years	Less than 3 years	More than 4 years
Long term borrowings	3,002,333,769	2,937,408,835	279,716,024	2,279,716,024	279,716,024	98,260,763
Lease liabilities	40,703,748	42,887,325	37,794,875	2,603,075	728,075	1,761,300
Trade and other payables	648,846,384	648,846,384	648,846,384	-	-	-
Total	3,691,883,901	3,629,142,544	966,357,283	2,282,319,099	280,444,099	100,022,063

31 December 2024 Non-derivative financial liabilities	Carrying amount	Total	Contractual cashflows			
			Less than 1 year	Less than 2 years	Less than 3 years	More than 4 years
Long term borrowings	2,964,765,763	2,899,984,900	247,058,824	217,647,059	2,217,647,059	217,631,958
Lease liabilities	67,892,356	71,137,838	66,521,888	1,742,250	556,200	2,317,500
Trade and other payables	863,683,385	863,683,385	863,683,385	-	-	-
Total	3,896,341,504	3,834,806,123	1,177,264,097	219,389,309	2,218,203,259	219,949,458

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25.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including level three fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues (if any) are reported to the Group's management.

Fair values hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the year ended 31 December 2025 and 2024.

As at 31 December 2025 and 2024, the fair values of the Group's financial instruments, except for cash flow hedge reserve at fair value through other comprehensive income, are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

Cash flow hedge at fair value through other comprehensive income is carried at fair value which is assessed by management to fall in Level 2 of the fair value hierarchy as at 31 December 2025. There are no transfers between levels during the year ended 31 December 2025 and 2024.

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25.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings which includes long-term borrowings and lease liabilities as shown in the consolidated statement of financial position, less cash and cash equivalents. Total equity is as per the consolidated statement of financial position.

The gearing ratios at 31 December were as follows:

	2025	2024
Total borrowings (including lease liabilities)	3,037,747,351	3,022,833,525
Less: cash and cash equivalents	(595,247,139)	(581,806,531)
Net debt	2,442,500,212	2,441,026,994
Total equity	5,745,932,888	5,938,184,935
Gearing ratio	43%	41%

Net debt reconciliation:

The net debt of the Group is as follows:

	2025	2024
Cash and cash equivalents	(595,247,139)	(581,806,531)
Borrowings	2,997,043,603	2,954,941,169
Lease liabilities	40,703,748	67,892,356
As at 31 December	2,442,500,212	2,441,026,994

The Group's net debt reconciliation is as follows:

	Cash and cash equivalents	Borrowings	Lease liabilities	Total
At 1 January 2024	1,435,421,469	(3,054,095,649)	(135,060,094)	(1,753,734,274)
Interest expense	-	(223,180,256)	(5,227,796)	(228,408,052)
Interest paid	-	222,334,736	5,227,796	227,562,532
Cash flows for the year	(853,614,938)	100,000,000	67,167,738	(686,447,200)
At 31 December 2024	581,806,531	(2,954,941,169)	(67,892,356)	(2,441,026,994)
New leases	-	(300,000,000)	(5,036,858)	(305,036,858)
Lease remeasurement	-	-	(35,834,317)	(35,834,317)
Interest expense	-	(216,093,213)	(2,264,120)	(218,357,333)
Interest paid	-	217,557,451	2,264,120	219,821,571
Others	-	(6,142,737)	-	(6,142,737)
Cash flows for the year	13,440,608	262,576,065	68,059,783	344,076,456
At 31 December 2025	595,247,139	(2,997,043,603)	(40,703,748)	(2,442,500,212)

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25.4 Categories of financial instruments

The financial instruments by category are detailed in the table below:

	2025	2024
Assets as per statement of financial position		
Financial assets at amortized cost		
Long-term deposits	-	16,200,000
Trade and other receivables	598,824,051	682,531,001
Short-term deposits	8,100,000	-
Cash and cash equivalents	595,247,139	581,806,531
	<u>1,202,171,190</u>	<u>1,280,537,532</u>
Financial asset at fair value through other comprehensive income		
Derivative financial instrument	2,284,765	6,419,826
Total	<u>1,204,455,955</u>	<u>1,286,957,358</u>
Liabilities as per statement of financial position		
Financial liabilities at amortized cost		
Borrowings	2,997,043,603	2,964,765,763
Trade and other payables	648,846,384	863,683,385
	<u>3,645,889,987</u>	<u>3,828,449,148</u>
Lease liabilities	40,703,748	67,892,356
Total	<u>3,686,593,735</u>	<u>3,896,341,504</u>

At 31 December 2025, for the purpose of the financial instruments disclosure, non-financial instruments amounting to Saudi Riyals 63.9 million (2024: Saudi Riyals 97.0 million) and Saudi Riyals 20.8 million (2024: Saudi Riyals 14.3 million) have been excluded from trade and other receivables and trade and other payables, respectively.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

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26. Related party transactions and balances

Related parties comprises the shareholders that have control or significant influence over the Group, directors, affiliates (representing entities directly or indirectly controlled by the Group's shareholders) and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

a) Following are the significant transactions entered into by the Group with its related parties:

	<u>For the year ended 31 December</u>	
	2025	2024
Revenue from an affiliate	589,551,331	593,189,967
Costs charged by an affiliate	110,301,373	7,554,774

These transactions are based on the agreed terms between the Group and the respective related parties.

b) Key management personnel compensation:

	<u>For the year ended 31 December</u>	
	2025	2024
Salaries and other short-term employee benefits	19,291,334	16,560,359
Post-employment benefits	1,096,803	1,272,103
Directors' fees including travelling costs	5,552,068	6,016,918
	<u>25,940,205</u>	<u>23,849,380</u>

c) Due from a related party:

	2025	2024
Schlumberger Middle East S.A., an affiliate	192,696,919	150,571,877

No allowance for expected credit loss was recognised in relation to the balance due from the related party during the period. The revenue transactions were made on terms and conditions agreed between the Company and the related party.

d) Due to related parties – affiliated companies:

	2025	2024
TAQA Well Services	5,689,805	-
Al-Rushaid Trading Company	482,519	122,781
AlMansoori Petroleum Industries	2,034,240	2,000,484
Cameron Al Rushaid Co Ltd	7,801,431	2,292,898
Cameron Middle East LLC	922,063	487,821
Schlumberger Rig Technology, Inc.	554,840	-
	<u>17,484,898</u>	<u>4,903,984</u>

The above outstanding balances are unsecured, settled in the ordinary course of business and bear no financial charges.

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27. Dividends

On 11 March 2025, the Company's shareholders approved cash dividends of Saudi Riyals 1.35 per share totaling to Saudi Riyals 120.2 million (2024: approved cash dividends of Saudi Riyals 3.87 per share totaling to Saudi Riyals 344.8 million).

28. Subsequent events

See notes 1, 13.2, 13.3 and 25.1. There are no other subsequent events which occurred between 31 December 2025 and the date of approval of these consolidated financial statements which may have a material impact on these consolidated financial statements.

29. Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 26 February 2026G (corresponding to 09 Ramadan 1447H).

Disclaimer

This document may contain statements that are, or may be deemed to be, forward looking statements, including statements about the beliefs and expectations of Arabian Drilling (the "Company"). These statements are based on the Company's current plans, estimates and projections, as well as its expectations of external conditions and events. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward-looking statements. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. The Company is not obliged to, and does not intend to, update or revise any forward-looking statements made in this presentation whether as a result of new information, future events or otherwise.

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